



Daily Report

East Europe

FBIS-EEU-91-095
Thursday
16 May 1991

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16 May 1991

NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: * indicates material not disseminated in electronic form.

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Assembly Elects Supreme Court, Attorney General

AU1505090591 Tirana ATA in English 0804 GMT
15 May 91

[Text] Tirana, May 15 (ATA)—On May 14 before noon, at 10:00 hrs, the People's Assembly continued its proceedings with the item of the agenda on the election of the high court, the appointment of the attorney general and his substitutes. The chairman of the Presidency of the People's Assembly, Kastriot Islami said that the presidencies of the parliamentary groups agreed that the candidatures put up to the Supreme Court, the attorney general and his substitutes, be discussed by the three parliamentary groups in separate meetings.

Following the meetings of the parliamentary groups, the plenary sitting resumed at 13:20 hrs. On behalf of 10 deputies, the deputy Lufter Xhuveli, proposed the composition of the Supreme Court: Kleanthi Koci, chairman, Feho Abdiu and Rustem Gjata, deputy chairmen, 12 members as well as 40 assistant judges.

Discussions were made with regard to the candidatures. Following many debates which generally were made in a constructive spirit, the composition of the Supreme Court was approved with majority of ballots.

On behalf of 10 deputies, the Deputy Lufter Xhuveli proposed Petrit Serjani as attorney general and Spiro Peci as his substitute. In general the deputies evaluated the qualities of these two candidates and their good work. On behalf of 10 deputies of the Democratic Party the Deputy Azem Hajdari proposed Vladimir Kristo as candidate for attorney general. According to the rules the candidatures were voted upon. On majority of ballots attorney general was elected Petrit Serjani and Spiro Peci as his substitute.

Workers Party Holds Conference in Kukes

AU1505154291 Tirana ATA in English 0207 GMT
15 May 91

[Text] Tirana, May 15 (ATA)—The conference of the Party of Labour [Albanian Workers Party] of Kukes District held its proceedings in Kukes on May 14.

The report on the implementation of the program of the party and its all-round renovation and the contributions pointed out that the party organisations and its leading organs have been engaged in an all-round activity to face the political and social situations. In the new situations of the numerous political, economic, social, juridical changes etc., aiming at Albania's coming out of the crisis and its integration in the European processes, it was said that the party itself is renewing in order to suit to the situations and remain an active political force in the society. Likewise, it was pointed out that the party's renovation is an indispensibility dictated by the requirements to build a multiparty democracy, in the conditions of political cooperation and debate with the parties and

other political forces, the demands of the gradual transition to the market economy, as well as from the need of economic and political cooperation with the world.

The floor was taken by the delegate of the Central Committee of the Party of Labour, the candidate of this Committee and editor-in-chief of "ZERI I POPULLIT," Namik Dokle.

New PPSH First Secretary's Selection Viewed

AU1605020391 Tirana ZERI I POPULLIT in Albanian
9 May 91 p 4

[Sami Millosi article: "A Chance to Demonstrate a Rejection of Cults"]

[Text] Who will replace Ramiz Alia as first secretary of the Albanian Workers Party [PPSh] Central Committee? This is a question raised these days not only by members and supporters of the PPSH, but among the ranks of the opposition, foreign journalists, etc. Of course, the answer will be supplied by the congress, at which it is expected, as the PPSH's draft statute states, that the Politburo, Secretariat, and first secretary of the PPSH Central Committee will be elected by secret ballot and with alternative candidates. It is therefore easy to say: Wait for the congress and everything will be clear. It is then, therefore, that we will learn who will be the new party Central Committee first secretary. According to this reasoning, I should be in no hurry to write these lines, but there are nevertheless various reasons impelling me to do so. What are they?

When the legislature elected Ramiz Alia president of the Republic of Albania, there were (and still are) some PPSH members who said, "The PPSH is sunk now," or "Where can anybody like him be found to replace him?," "The party will never again have someone like Ramiz Alia," etc. It seems that there is a degree of sentimentality and a little personal confusion in these views. However, it is one thing to be sentimental and another to judge with the political maturity that stems from genuine love for the PPSH and its leadership. It is impossible not to value the latter highly, because it is in fact the primary precondition for this party's reform and renewal. Besides, it is perhaps no exaggeration to say that there is an element of extremism and even a hint of a cult in such questions and opinions. Such things further encourage the so-called crisis of confidence that has affected some party members.

There is not the slightest doubt that Ramiz Alia, as a leader of the PPSH and its number one hitherto, has done so many things for the renewal of this party as the initiator and performer of reforming ideas, that it would be very ambitious to attempt to enumerate them in a single article, or even two, three, or more. Similarly, it would be uncultured and useless to deify him. His contribution to strengthening the PPSH splendid and indisputable. However, on the other hand I would also consider as part of his contribution the creation of a new political climate, which is gaining ground daily in

Albania, in which the myth of cadres and leaders "eternally" in office is being demolished. It is to the benefit of Albania that young and able people, rich in culture and skill, are increasingly making their mark in this climate. Within this new political climate, I think we must also understand the fact that Ramiz Alia, encouraged by the will of the people and the party, accepted his nomination as presidential candidate, and at the 17th plenum expressed his conviction that the party's members and supporters would correctly understand this and would increase their efforts to strengthen unity.

Those who believe that "the PPSH is sunk now," whether they are members or sympathizers, are doing nothing but keeping alive myths and cults. These myths may also be sustained by conservatives who are unreconciled to change of any kind, whether in the party's structure or psychology, or in Albanian society as a whole. They may also be sustained by some pseudo-reformers who, although they talk left and right about the party's reform, in reality have their minds elsewhere, or to put it bluntly, are thinking of how to enrich themselves. Far from attending to a specific problem, when they "prophesy" the alleged "impossibility of finding a replacement," they are trying to find an alibi for themselves and their own shaky political position.

The PPSH has the chance to show by its deeds that it opposes cults. A first secretary who will enjoy the respect of PPSH members and sympathizers can and, we think, will emerge from the party's ranks. This will be not only to the party's honor and will show the party's vitality in its renewal and reform, but will also be a real challenge to those who do not wish the PPSH well and a good lesson to sceptical conservatives or pseudo-reformers, who have used and are expected to use this fact as a pretext to split the party.

Article Deplores 'Wild Privatization'

AU1505190091 Tirana ZERI I RINISE in Albanian
4 May 91 p 1

[Ilir Kadia article: "Wild Privatization"]

[Text] At the beginning of the eighties I saw a slaughterhouse where hundreds of thousands of cattle went to be killed. The state was embarking on forming small herds, or rather, collectivization of livestock was being carried out on the peasantry's "initiative." Through the streets of towns and villages, peasants dragged carcasses or carried the meat in scraps of old plastic sheeting taken from modern greenhouses, and sold it for seven leks a kilogram! Along with the meat, they also sold the decade's hope for adequate supplies of cheap meat in our shops. It was wild collectivization that provoked this peasant opposition and paved the way for hunger in both the towns and the countryside.

Now, at the beginning of the nineties, we are faced with another phenomenon, which I find just as disturbing: the transfer of social property to private hands which, because of the way it is done, one can only call wild

privatization. Plenty of examples could be provided from the towns, too. Matters will be left to take their own course as long as bureaucracy prolongs the interval between the announcement of a law and its enforcement. Legislators euphemistically talk about the obstruction of the state, but people are not afraid to talk more bluntly, and go further. Anyone can demonstrate this for himself. The following detail is enough for me: My neighbor who works in the bank, in the state treasury, came home from work today as soon as she had gone. Her work is confidential, but it is a secret that can easily be understood. No money had been paid into the treasury and she had nothing to count and sort into bundles for the salaries of state employees. Does this have anything to do with wild privatization? For me, it does, and so does the dirt cheap sale of means of production of various kinds, buildings and shops, their blatant theft, the destruction of cars, trains, and buses, the price hikes for many goods, etc.

If this phenomenon is to a certain extent camouflaged in the towns, it is perfectly obvious in the countryside. In broad daylight, peasants go to the cooperative's byres, throw a rope around the neck of the black-spotted cow, and drive it home. The more decent among them merely tend the stolen livestock, but some crooks slaughter the beasts; if they are near the towns, they take the meat to kebab-sellers with the fancy price tag of 30 leks a kilogram, and if they are near Greece, they take it to the Greeks. The trail of bloodstains passes in front of the cooperative's offices, the offices of the Albanian Workers Party, and the branches of the PD [Democratic Party], and are seen by supporters of the PR [Republican Party], PA [Agrarian Party], PU [Party of National Unity], the PSD [Social Democratic Party] and the PDSSHMNN-JUVXHYZZH [nonsensical acronym], but they notice nothing! The fog has thickened, and the "wolf" is wreaking havoc, but our "shepherds," who won two-thirds of the vote in order to remain shepherds, sleep. We all laugh at ourselves openly and look on, but the wise tailor said, "Anyone who says he is naked is crazy." We are confessing our nakedness to the world. Meanwhile, wild privatization goes on, and its cleaver will chop our bones, too.

Prudery of Albanian Society Viewed

AU1605073591 Tirana DRITA in Albanian 5 May 91
pp 7, 10

[Arben Kallamata article: "'Pornography' or Lack of Emancipation?"]

[Excerpt] [passage omitted] An aged father sleeps. His two sons, together with their wives, sit watching a film. The screen shows a woman starting to undress to take a bath. A signal is given. Two significant glances are enough for the wives to stand up and go to bed. The men continue to watch the film, not moving a muscle of their faces.

It seems to me that this is an example of a patriarchal mentality and a total lack of emancipation. This is a harmful and offensive form of prejudice. What does this have to do with morality? Above all, it is absurd: Only the men of the house, not the women, are allowed to see a naked woman (!). A fine kind of morality....

Many people associate this with tradition. However, what kind of tradition is it, a new one or an old one? Is it a tradition of the people, or an imposed one? If it is an ancient tradition of the people, how can we explain the fact that the people themselves have created, without the slightest prejudice, poems, images, and scenes that even today our artists find difficult to depict, our editors cannot allow, and many people cannot "swallow"? I am afraid that this is a new and perhaps imposed tradition that considers everything connected with the word "sex" shameful, immoral, and taboo. This is clearly evident in the total absence of sex education for young people and in thousands of other aspects of our strictly enforced propaganda that in most cases has the opposite effect of that intended. Matters went to such an extreme (excuse me if I mention a fact published in HOSTENI a few years ago) that the central figure in Delacroix's painting, "Freedom on the Barricades," was portrayed in school texts with a dress reaching to her neck. How will we succeed in acquainting our young people with hundreds

and hundreds of masterpieces of the European Renaissance, in which great painters such as Da Vinci, Michelangelo, Veronese, etc. hymned the beauty of the human body? This practice has gone to such an extreme that our artists are forbidden to draw from nude models.

Everybody knows that the principles of morality are conventions, conventions that change according to time and place. Nobody is upset by a girl in a swimsuit on the beach, but in the city many people are scandalized if a girl wears a skirt one inch above the knee. Let us not forget another fact that we witness every day and which should make us think and act. Even today, at the end of the 20th century, many village women are ashamed to go out wearing only a dress or only trousers. They absolutely must wear both. Go to the village market in Tirana any day and you will realize this. Let us also not forget that geographically we are in the middle of Europe. According to geography, but not according to the calendar. According to the calendar, I fear we are far behind.

At last, in the last three years, something new has appeared on our screens and occasionally on the stage: kissing. It has arrived tentatively, with a hundred maneuvers of the camera and lighting effects, but it is there. I do not think there has been any unfavorable response from the public, except for the occasional slight smile at it being done in such an artificial and contrived way. [passage omitted]

Popov Views Bulgarian-Soviet Relations

AU1605093791 Sofia BTA in English 0858 GMT
16 May 91

[Text] Sofia, May 16 (BTA)—"OTECHESTVEN VESTNIK," a daily close to the government, carries an interview with Prime Minister Dimitur Popov who explains in detail Sofia's views on Bulgaro-Soviet relations.

The interview was granted in connection with the visit which Mr. Popov starts to Moscow today at the invitation of the chairman of the Council of Ministers of the USSR Mr. Valentin Pavlov. The Bulgarian prime minister hopes he will have the opportunity to discuss all aspects of bilateral relations in constructive atmosphere. He points out that the difficulties in economic relations, which resulted in a steep decline of trade between Bulgaria and the USSR after the transition to dollar accounting from the beginning of this year, should be overcome on a mutually advantageous basis. A major issue, which Mr. Popov expects to discuss with his Soviet counterpart Mr. Valentin Pavlov, are the opportunities to solve this problem on a mutually acceptable basis through possible clearing and barter operations and other mutually beneficial economic mechanisms. The prime minister pointed Bulgaria's willingness to cooperate for the solution of the housing problem of Soviet soldiers returning home from Germany, as many Bulgarian construction workers are still working in the USSR.

Sofia hopes to come to terms with Moscow on the continuation of joint logging in Komi ASSR. The leadership of that republic is willing to agree on such an arrangement.

Bulgaria's prime minister hopes that his visit to Moscow will help overcome with concerted efforts the stagnation in bilateral relations, as it may affect adversely both countries if it lasts longer.

Answering a question whether features in the Soviet press had a point opposing Bulgaria's contacts with NATO, Mr. Popov pointed out that Bulgaria's relations with NATO cannot stay in the way of an agreement with the Soviet Union. He said that during his recent visit to Brussels he had "neither the purpose, nor the opportunity" to plead for Bulgaria's admission to NATO and added that NATO does not plan the admission of new members. "The talks with Secretary General Dr. Manfred Woerner and with the representatives of the member-countries revealed an interesting concept on the future structure and role of this organization: It is intended to be the defence force of a future united Europe. As such, however, it is impossible without the participation of the Soviet Union. This was pointed out repeatedly: The USSR neither can, nor should be placed in isolation. NATO makes no difference between its relations with the USSR and with the other countries of Eastern Europe," Mr. Popov said.

Dertliev Reacts to SDS Deputies' Walkout

AU1505154591 Sofia BTA in English 1457 GMT
15 May 91

[Text] Sofia, May 15 (BTA)—Dr. Petur Dertliev, leader of the Bulgarian Social Democratic Party [BSDP] and of the parliamentary Union of Democratic Forces (SDS), does not expect a split of the SDS.

He said it at the press conference today, after 39 radically-thinking MP's walked out of parliament. Dr. Dertliev does not worry that the national conference of the SDS this Sunday may back the 39 MP's. The conference will be consultative and will be attended by more non-parliamentary parties.

Today the Green Party issued a declaration saying that in case of divergencies between their programme and the laws passed in parliament, the Greens' presence in parliament will be pointless. They will determine by themselves the moment and the way of leaving.

We all want elections, Dr. Dertliev said in connection with the disputes between his moderate wing and radicals in the SDS. The run-up to the elections can be used to work out a programme for the opposition which not only rejects communism but also offers security to the average voter. Besides, according to Dr. Dertliev, Bulgarians still cannot break free from fear.

Dr. Dertliev explained the fact that the idea of moderates in the SDS about elections in September overlaps with the stand of the BSP on the matter by a coincidence.

The present bickering in the SDS divide its electorate and put off more and more the other potential voters, Dr. Dertliev asserts. In his opinion, the opposition should use these differences to gain more votes.

The BSDP insists that the SDS should go the new elections on a list in which the affiliated parties are entered separately. Dr. Dertliev thinks that his party is not threatened by the clubs and movements which accuse the present leadership of the BSDP and him personally of treachery and conciliation with the former Communists. The moderates are being criticized also by parties and movements outside the SDS.

SDS Deputies Who Quit Assembly Claim Support

AU1505194891 Sofia BTA in English 1922 GMT
15 May 91

[Text] Sofia, May 15 (BTA)—At a news conference given today by the opposition 39 MP's of the Union of Democratic Forces (SDS) who walked out of parliament yesterday, it was announced that other MP's are going to join their group.

Their number and names will become known tomorrow at the sitting of parliament, but most probably they will be the MP's of the Democracy Clubs who will make their final decision at their conference on Saturday.

The "Group 39" has received the support of the opposition municipal clubs. In many places around the country they are backed up by the organizations of the Social Democrats and of other parties, the leaders of which approve of the present parliament and insist on elections in the autumn. In many of the declarations expressing support for the 39 MP's their walkout of parliament is called "an act of the real opposition."

The 39 MP's expect to receive broad support at tomorrow's rally for early elections which will take place in the centre of Sofia. But the support which they are very likely to get at the national conference of the opposition scheduled for May 19 will be of decisive importance. However, the resolution of this conference will not be considered binding by Dr. Petur Dertliev, leader of the moderate members of the opposition.

The "Group 39" doubts that the present parliament will manage to pass the new constitution. According to Mr. Stoyan Ganev, the draft contains texts that will make it impossible to hold the Socialists (formerly Communists) responsible for what they did during their 45-year-long rule. Today yet another important motive was put forward: The need to guarantee the second stage of the economic reform by political changes.

Finance Minister Assesses Financial Situation

AU1505154091 Sofia BTA in English 1324 GMT
15 May 91

[Text] Sofia, May 15 (BTA)—"There are sufficient prerequisites for the success of the second stage of the economic reform," Bulgaria's minister of finance believes. Mr. Ivan Kostov has his reservations as regards the achievements at the beginning of the reform. But his hopes are buoyed by the understanding shown by the people to the sharp drop in consumption, and the tendency of paying off considerable loans without making inroads on savings.

"The goals of the economic reform have been achieved mostly as far as regaining the world's confidence is concerned," Bulgaria's financier number one says. However, things are different with the overall recovery of the financial and the monetary sphere. The budget is still very tight and leaves no elbow room for the future.

"For the first time we feel we are managing the country's foreign debt," Mr. Kostov says. He considers the agreement with the Paris Club on debt rescheduling a precedent for settling the problems with the London Club. Bulgaria pledged before the London Club to work out a programme for debt settlement and to sign agreements with the creditor banks.

Mr. Ivan Kostov is of the opinion that Bulgaria should not seek a foreign debt forgiveness. He believes it is impossible for this country to seek solutions like the ones chosen by Poland and Hungary. Bulgaria should prepare for the time when she will start paying off her debts.

One of the motives for declining EC debt forgiveness proposals was that this step might cut off new receipts.

Mr. Kostov's article analyses the problems of foreign trade. Import has gone down by 50 percent, while export has dropped by 40 percent since the beginning of the year. For the first time in many years Bulgaria has a favourable balance on commercial transactions with western countries in particular.

According to Mr. Kostov certain tendencies in foreign trade pose a serious threat to the reform. One of them is to cover the difference in prices of imported goods which have fixed prices in Bulgaria from the national budget.

The article is headlined "With a More Radical Start We Would Have Achieved More". It points out that the prices of the prime necessities and incomes are growing stable. But real consumption has dropped abruptly: by 40 to 50 percent.

Under the existing system of compensations and indexations the difference between the minimum and the maximum wages shrank sharply. According to Mr. Kostov, this may rob of motivation highly qualified labour for a few months.

With pensions something like "an equal final" is observed as minimum and maximum pensions have grown drastically close. Mr. Kostov does not consider this process blameworthy, having in mind the former striking 20-fold difference in pensions.

According to the finance minister the threat of unemployment is receding. Now the unemployed are four percent of those employed, or a total of 160,000 people.

The article deals with the problems of interest rates, exchange rates, and the financial condition of companies. The latter are financially constrained because of the sharp drop in consumption and in export.

Sofia Citizens Court Tries Lukanov

AU1605083491 Sofia BTA in English 2047 GMT
15 May 91

[Text] Sofia, May 15 (BTA)—A citizens court on the culprits for the national catastrophe held its first hearing here today. The star defendant was the former prime minister Mr. Andrey Lukanov.

"We all do not seek revenge or a witch-hunt but legitimate liability of the culprits," said Prof. Nikolay Vasilev, the leader of the Alternative Socialist Party, opening the hearing. In his view the idea of the citizens court is a moral exposure of the culprits. "We do not want to usurp the functions of the law court and the prosecutor's office and we will submit to them all documents on which our charges are based, as the law requires," Mr. Vasilev said.

The Alternative Socialist Party, the city leadership of the Union of Democratic Forces (SDS) in Sofia and the Movement in the Name of Truth have organized today's

citizens court. Such trials were already held in Stara Zagora and Varna and will be arranged elsewhere in the country as well.

The principal charge against ex-premier Andrey Lukanov was the subordination of the Bulgarian economy to the Soviet economy. The accusers claimed that the bilateral economic agreement, which the incumbent Deputy Prime Minister Mr. Aleksandur Tomov and Minister of Foreign Economic Relations Mr. Atanas Paparizov signed at the end of last year, puts Bulgaria at a disadvantage.

Today's hearing of the citizens court was attended by some two thousand people. Another hearing will be held in two weeks' time to consider the crisis in agriculture.

Arms Industry Problems Analyzed

*AU1505155691 Sofia BTA in English 1520 GMT
15 May 91*

[Text] Sofia, May 15 (BTA)—The shrinkage of markets and the huge debts to the state are the underlying reasons for the grave problems facing Bulgaria's arms industry, a government expert in this field told a press conference.

Mr. Ivan Kolev, head of the Special Production and Conversion Department of the Ministry of Industry, Trade and Services, described the drop of Bulgaria's exports of weaponry and military equipment to the Soviet Union as "enormous." He explained that the positions of the military industrial complex in the Soviet market has dropped "from billions to several hundred million" after the transition to dollar accounting from the beginning of this year. "Neither we, nor our Soviet partners have dollars," Mr. Kolev said.

The loss of markets is also due to the process of disarmament. The military industry tries to offset this by

conversion. The idea is, through reorientation of production and technological renovation, to achieve an approximate proportion of 40 percent for military and 60 percent for civilian production. The decentralization project envisages a preservation of the state monopoly on the "special" industry, but within its framework, separate companies will be formed which will interact according to market principles. This project has been worked out by experts and will be presented to the government by the end of this week, Mr. Kolev said.

According to Mr. Kolev, who also referred to the assessment of Mr. Daniel Graham, expert in the Star Wars Program who recently visited the military plants, Bulgaria's military industry is "without exaggeration of a world class." Under the conversion programme, 23 joint ventures have been set up with foreign companies and negotiations are under way on the joint production of tractors with partners from the USSR and Italy.

Bulgaria will not give up arms trade but it will be conducted in strict compliance with the principles of law and morality and under the tightened control of parliament and the government, the Bulgarian expert said.

Turkish Language Lessons in Schools

*AU1505124291 Sofia BTA in English 1220 GMT
15 May 91*

[Text] Sofia, May 15 (BTA)—In the schools of two villages in the region of Khaskovo (southern Bulgaria) two classes have been formed in which the Turkish language will be taught. They include pupils of grade two and three and they will have four lessons of Turkish a week.

The experiment is supervised by experts from the Scientific Research Institute of Education. At the beginning of the course the pupils passed tests to determine their knowledge of the Bulgarian language and of their mother tongue. After the end of the school year (May 31 in primary schools) conclusions will be drawn about the level of mastering the material.

Havel, Carnogursky Meet in Bratislava

LD1505194291 Bratislava Domestic Service
in Slovak 1000 GMT 15 May 91

[Report on interviews with President Vaclav Havel, Slovak Prime Minister Jan Carnogursky, and Slovak First Deputy Prime Minister Porubjak by unidentified reporters in Bratislava on 15 May—passages in quotation marks are recorded]

[Excerpts] President Vaclav Havel arrived in Bratislava today for a one-day working visit. He went from the airport to his office in Bratislava Castle where our colleagues Magda Pospisilova and Zuzana Stukovska were among the reporters who were waiting for him there:

[Pospisilova] First of all, President Vaclav Havel met Slovak Prime Minister Jan Carnogursky. After their short conversation, both answered a question put to them by LIDOVE NOVINY concerning the speech delivered by Czech Prime Minister Petr Pithart on Czech radio yesterday. Mr. Pithart called the quote from the so-called Brno document of the National Socialist Party from 1946 used by Jozef Prokes, chairman of the Slovak National Party, inappropriate behavior indeed. The Czech prime minister also stressed the fact that he himself is against a state treaty between the Czech and the Slovak Republics in the international-law sense. After the meeting in Lany [on 10 May] there should be no longer be grounds for this issue and, according to the view of many, Mr. Pithart reopened the issue yesterday unnecessarily. Vaclav Havel and Jan Carnogursky commented on this:

[Havel in Czech] "It is my impression that in the course of our talks in Lany we made some progress toward a version that suits both sides in a way. This means: It will be a legal act, it will be a binding act [smluvni akt], but it will not be, in essence, an international treaty in the international-law sense, at least this is what I felt was said at the talks in Lany."

[Carnogursky] "You are right when you say that this issue is not the subject of talks now. A treaty, any legal treaty's character, is determined by its content and the legal position of its participants. The legal position of participants is given by the fact that the Slovak Republic and the Czech Republic are parts of the Czech and Slovak Federal Republic and the contents of the treaty will be determined by the fact that it will outline the basic principles of the constitutional position of the Slovak Republic and the Czech Republic, the Czech and Slovak Federal Republic, and the power sharing. From this we can quite easily conclude the legal character of this treaty."

[Stukovska] Shortly before 1000, President Vaclav Havel received new members of the Slovak Government in Bratislava Castle. [passage omitted] Then the president told journalists that he appreciates human character and professional skills more than party membership and

wished new members of the Slovak Government success in governing until the next elections. Talks then continued behind closed doors. After the talks we first questioned first Slovak Prime Minister Jan Carnogursky.

[Reporter] "Mr. Prime Minister, you said at a press briefing yesterday that your talks with the president today would be general because you met recently. Was this the case, or have you touched upon some specific issues?"

[Carnogursky] "It was not the case in the sense that this was the first meeting of the president with the new members of the Slovak Government and our meeting and our conversation was intended for new members to get acquainted with the president and for the president with them. The president asked the new members about their views and about the further work of their individual spheres."

[Reporter] "Thus no new conclusions were arrived at?"

[Carnogursky, laughing] "No we have not united Europe, we have not signed a state treaty yet. However, we have agreed on how the ministries should work further."

[Stukovska] We were then told by Martin Porubjak, first deputy prime minister, what did happen behind the closed doors.

[Reporter] "Mr. Deputy Prime Minister, I would like to ask you: What was the focal point of your conversation with the president?"

[Porubjak] "Our conversation was a kind of fact-finding conversation. He met new members of the government and learned about their views and stands in individual areas. The talks were very friendly and very specific—there were no empty phrases: there are many problems in the building industry, in the economic sphere, in agriculture—and all this was discussed."

[Reporter] "Which issue was discussed most of all?"

[Porubjak] "Namely issues such as agriculture and the building industry."

[Reporter] "Are you saying that it was a general conversation without any specific conclusions?"

[Porubjak] "We cannot speak about any specific conclusions because only the government can draw specific conclusions in these matters and not the president. Thus the president only has to be briefed on problems and on ways in which the government intends to solve them. He was not after any kind of decisionmaking, but he was, I think, quite happy to hear about those issues and to discuss them specifically." [passage omitted]

Rychetsky Interviewed on Lany Talks

LD1505165791 Prague Domestic Service in Czech
1600 GMT 14 May 91

[Interview with Pavel Rychetsky, deputy prime minister of the CSFR Federal Government, by Marie Fleissigova; place and date not given—recorded]

[Excerpts] Some new angles on the coexistence of Czechs and Slovaks is the subject of an interview with Pavel Rychetsky, deputy prime minister of the Federal Government, by Marie Fleissigova. [passage omitted]

[Fleissigova] Last week Czech, Slovak, and Federal Government representatives met in Lany. Could you, as a participant in this meeting and as an expert, explain the difference between the agreement proposed by the Czech side and the treaty as proposed by the Slovak side?

[Rychetsky] I do not think it is significant whether we use the term treaty, state treaty, or agreement. Neither is it significant how we will arrive at this agreement. What is significant is what importance it will have and how binding it will be, so to speak. The Slovak side wishes this agreement to be entered into between both legislatures of the republics; that is, between the Czech and Slovak National Council, and all Czech partners unequivocally agreed with this. We are all in agreement that it should contain something like the principles of the future setup of the state, but there is a significant difference between us.

We are of the opinion that this agreement can truly have a significance, a political significance, a moral significance, a historic one, but we are not of the opinion that the agreement entered into in the form of a declaration, or in any form between these two National Councils, could tie the hands of the Federal Assembly. We are of the opinion that it is possible to adopt a constitutional law that would foresee not only entering into such an agreement, but would make such an agreement binding for the supreme legislative and constitutional body of the state, that is the Federal Assembly.

Here I think that our Slovak friends understood that it would be truly undignified toward their own deputies in the Federal Assembly to put before them any kind of act in a form whereby it would be of more than a morally or politically binding nature, one that would have a truly constitutional nature. We would then not need the Federal Assembly. It would be sufficient to adopt this agreement at the level of the National Councils.

The second difference between us was—and this is perhaps not so marked—that the Slovak partners are demanding that following the Federal Assembly's adoption of the new constitution of the federation, subsequent agreement and ratification by both National Councils would be needed. This is once again an act that, to a certain extent, casts doubt on the authority and legitimacy of the Federal Assembly.

For this reason we stressed during the Lany talks that it is absolutely vital to stop talking about which form and which ritual will be used to adopt the constitution. We respect these requirements, but it is meaningful to return to them at a point when we really agree on what kind of joint state we will have, what the new constitution of the federation will look like, and when we have clearly dealt with—apart from the points of agreement such as foreign policy and currency—those issues which, let us not delude ourselves, are a source of disagreement between us. That is, above all, the division of powers.

Two days before arriving in Lany, Prime Minister Carnogursky publicly stated that today's division of powers is the beginning—the continuation of which in the form of a new constitution can have only one direction—the transfer of powers from the federation to the republics. I have to say that in the Federal Government, and also on the Czech political scene, we have been convinced, although only in some few details so far, that the opposite is true. We have become convinced that in some areas the transfer of powers that has taken place since 1 January this year has exceeded a bearable level, and that it must once again be a subject of discussion. [passage omitted]

Calfa on Czech, Slovak Coexistence

AU 1405160191 Prague MLADA FRONTA DNES
in Czech 6 May 91 pp 1, 3

[Interview with CSFR Prime Minister Marian Calfa by Zbynek Fiala; place and date not given: "A Potato Theory of Coexistence"—first two paragraphs are MLADA FRONTA DNES introduction]

[Text] The interview with the federal prime minister began with good world news. Trade with the Soviet Union will be better than it seemed at the beginning of the year—sales amounting to 800 million dollars have been contracted. A 100-million [currency not specified] deal with Nigeria related to the sale of airplanes is only the beginning of more extensive negotiations that signal that we will have more access to oil. The quality of our partner can be seen in the fact that the first payment for the airplanes is on its way. Algeria, which was the destination of a previous trip, has kept its promise and has paid its outstanding debt and, as proof of its good will, it added this year's repayments at the beginning of the year.

The world is opening itself. But what about our domestic problems? Will the Moravian Gate on the border with Slovakia become a real gate that will slam shut with a deafening bang? Further questions were directed toward this issue.

[Fiala] All disputes stemmed from the problem of jurisdiction. I have the feeling that our situation has not improved.

[Calfa] Jurisdiction is the main problem now. It is becoming apparent that the present arrangement—in which one works on concepts and strategies of reform while their implementation is entrusted to someone else—is very often nonfunctional. Whoever wants to push for economic reform must also have tools for pushing it through. He must also have tools that would allow him to find out how it proceeds, and that would allow him to make adjustments to its course. However, the Slovak political scene has been stormy for over two months, the government was unable to fulfill its function, and it did not issue the necessary information.

[Fiala] How will we get ourselves out of the jurisdiction stalemate? Will it be reopened?

[Calfa] It must be reopened. The assumption that what has been accepted is a *fait accompli* is erroneous. It is rather more important who is more inclined to make a consensus. The problem, however, is that the Slovak Christian Democratic Movement and some economists as well, for instance Oberhauser, have a vision of complete independence for the Slovak economy. This vision is completely incomprehensible to me because I believe that this vision is harmful to Slovakia. That is, it has nothing to do with the economy, it involves only politics and, in addition to that, nationally tinted politics.

[Fiala] Economic development in Slovakia is inferior to that in the Czech Republic. Would it be reasonable, Mr. Calfa, to assume that Slovakia will be unable to cope without federal interventions....

[Calfa] Unfortunately, Prague is very often presented in the role of an enemy.... I have even heard that what happened in Slovakia is a Prague and Budapest conspiracy! Such pains to "find an enemy" are very cheap and dangerous.

The origin of the entire problem lies, in my opinion, somewhere else. It lies in the discussions about who is the loser. I consider it to be nonsense—how can anyone be a loser in a common state? Coexistence can hardly be expressed in bookkeeping terms. Much more is at stake here. A certain environment is being created and there is a need and desire to help someone—two make a more powerful and also more effective unit.

In a televised economic discussion, chaired by Vaclav Havel, I used an example that was later edited out. For example, a grandmother wants to cook potatoes. She will cook them for half an hour. There is a grandfather who also wants to cook his potatoes. He, too, needs half an hour to do it. However, if we put all the potatoes in one pot, we will cook them all in half an hour—and we will save 30 minutes. If the grandfather alone wanted to save half an hour, he would cook nothing. If the grandmother wanted to save half an hour, she would cook nothing either. Only together is it possible.

[Fiala] I would call it a potato theory of coexistence. Talks about the federation should not fall below this level.

[Calfa] The idea that someone is a loser did not appear just now and it is not Slovaks who came up with it. It appeared some years ago on the Czech side in the Czech Government and in the Czech National Council in Adamec's times. The Czech state budget was under the control of today's finance minister. Today we are measuring something that cannot be measured because our economy has been built as one unit. I am afraid that a national viewpoint will prevail and people will be badly off. Only then, maybe, everything will reunite and assume a new shape.

[Fiala] It follows from the potato theory that independence will become more expensive.

[Calfa] Let us have a look at what such an independent republic is. It should have all attributes that a state has—it should have its own currency, army, and foreign policy. Now, for example, we are moving 40 percent of the Army to Slovakia because in the western part of the federation there was an unnecessarily large concentration of armed forces. However, Slovakia does not have facilities for this. Barracks, training fields, fuel stocks, and the entire infrastructure of the Army are needed. We have calculated that costs will reach 12 billion korunas. Do we have them? Just for that? I have also made calculations about the costs for an embassy. They vary from three to eight million korunas. Now we are paying them only once and we would have to pay them twice. I am not saying that everywhere, but in some places the belief has arisen that Slovaks should have their own commercial representative offices and embassies. Is this really the right way for this ailing, ineffective, and squeaking economy that is accelerating so painfully?

When I summarize all of this, I have the feeling that we should have put the jurisdiction issue aside and that we should have worked fully on the economy—within the framework of the previous model without any fuss. That is, when Knazko says that "it is first necessary to divide jurisdiction so that we have a clear idea of what each of us should be doing," this is a terrible demagoguery. I am not saying this because I would hate giving up a part of my jurisdiction. Yet, we must be aware of the fact that, objectively speaking, this would cost us much more.

[Fiala] When I look around Eastern Europe, I can see that Yugoslavia, too, is in a state of decay. Is this not, in fact, a more general process leading finally to the inception of small nation states that would join later in a confederation?

[Calfa] I do not think that Central and Eastern Europe is so structured that it would make the inception of such a federation possible. In my opinion, there are no visible efforts to associate with someone else. Rather, the desire for being alone dominates. Me alone! Me alone!

At the same time, no arguments help. For example, Western Europe warns Yugoslavia against breaking up. We have been told in the Council of Europe that for them we are a single Czechoslovakia. Yeltsin was not received there as representative of the Russian Soviet

Federated Socialist Republic. When one recalls this, they say: "This is a warning, but we will overcome it."

The problem is that these are words only. They say that they will be better off and we say that this is not true. How can we proceed to disperse all the suspicion about our wanting to obstruct their happiness?

[Fiala] Why not try it separately, really.... For a year, or so. In a marital crisis a solo break is recommended.

[Calfa] I do not like to listen to such speculations, not even as a joke. Few people realize what would really happen if the latch in Moravia clicks shut.

[Fiala] I have heard that we would have to put stamps on the bills, first. Is it possible at all?

[Calfa] Of course, it is possible. Stamping the banknotes—which is done to prevent an uncontrolled influx of money from outside—can be done immediately in case of a military conflict. A passport and customs control is also imaginable. We also can send the "foreign workers" back to their country until they receive work permits. All this belongs among the more simple things. Yet, as a lawyer, I must say that no one has ever satisfactorily solved secession from the legal point of view, that is, the transfer of the rights from Czechoslovakia to the two new state formations.

Czechoslovakia has a great number of obligations and rights. It would mean looking at each treaty and asking the individual signatories whether it is still valid. We do not know, for example, what the IMF reaction would be apropos its loans. Everything would have to be divided. When the draft Declaration on Independence appeared in Slovakia some time ago, it also included a demand to divide the currency's gold [menove zlato], yet there was no mention that we also have a debt amounting to 8 billion dollars. A share in this debt would also have to be split. The state debt would have to be equitably divided and each side would have to share a part of recoverable and irrecoverable claims. Finally, a proposal could appear that the claims be divided according to where they originated—arms producers would be left with billions [currency not specified] of irrecoverable claims for weapons. We could reach such extremes and it would be very ugly.

[Fiala] That means that the question of whether we will have or not have a new border is not the only issue.

[Calfa] I am afraid that by adopting this procedure we would create one of the most tense borders in Europe.

Financial Council on Rents, Privatization Schedule

AU1605090591 Prague HOSPODARSKE NOVINY
in Czech 7 May 91 pp 1, 3

["jop"-signed report: "CSFR Financial Council: Increase in Housing Rents Delayed"]

[Excerpts] Yesterday's briefing at the Czechoslovak State Bank brought one piece of good news for journalists, as well as readers, concerned about the fate of "their" newspaper: The print media tax will be lowered from 20 to 11 percent with effect from 15 May 1991.

The next announcement by Miroslav Zamecnik, press spokesman for the Federal Ministry of Finance, will also come as a relief to those worried about the prospect of a sudden increase in housing rents. The CSFR Financial Council arrived at the conclusion that it is necessary to maintain a certain lapse of time (half a year) before a possible introduction of changes in this sensitive category and to consider the social impact, the impact on the mobility of labor, as well as the need to prepare this step. The Financial Council noted the negative repercussions of the total liberalization of rents for commercial premises, which slows down the development of private enterprise. It is to be expected that regulation of rents for commercial premises will be introduced; this should strengthen the position of private entrepreneurs in the struggle against lessors. [passage omitted]

The agenda of the session of the CSFR Financial Council included also the issue of privatization investment funds. Deputy Federal Minister of Finance J. Jurecka explained that citizens will have two possibilities of converting their coupons into shares in the so-called big privatization—either directly or with the help of investment funds, which limit the risks for coupon holders. Because the path of adopting a special law on investment funds would be tedious, the approved concept is based on existing legislation—especially the laws on shareholding companies, banks and savings banks, and transformation. As a matter of principle, these funds can be established by legal entities. They require a permit from the Czechoslovak State Bank, however. According to Czechoslovak State Bank Chairman J. Tosovsky, the seven largest banking institutions are ready to become administrators of these investment funds. The public will probably be informed in greater detail about these funds in the summer months. [passage omitted]

Ivan Miklos, Slovak minister for the administration and privatization of national property, spoke about the importance of compiling a list of enterprises that will be included in big privatization or, more precisely, in its coupon part. The principles [of selecting these enterprises], which were the subject of talks in the Financial Council, will be approved by the Czech and Slovak Republic Governments. Within a month after the approval of these principles, founders will submit lists of enterprises that are to be privatized. Within a period of another month, the governments are to approve these lists. These lists of enterprises will be supplemented by 31 August. In this supplement it will be specified which enterprises will be privatized by the coupon method, what the book value of their assets (balance sheet value plus real estate value) is, and which proportion of these assets will be privatized by the coupon method. The volume of property to be privatized by this method will thus be known by 30 September, which should allow the

launching of coupon privatization at the beginning of next year. [passage omitted]

Claimants for the restitution of property entering big privatization were told that, if these claims cannot be satisfied in kind (restitution of buildings, for example, and the like), they will be satisfied through restitution investment funds. There will be two such funds—a Czech one and a Slovak one. There will be no federal restitution fund as the law on division of powers has greatly curtailed federal assets. According to preliminary calculations, 3 percent of the total value of assets should more than suffice to meet restitution claims.

Finance Minister Stresses Need To Find Markets

LD1505135391 Prague CTK in English 0728 GMT
15 May 91

[By unidentified CTK correspondent]

[Text] New York May 15 (CTK)—Czechoslovak Finance Minister Vaclav Klaus said here yesterday Czechoslovakia's most important task is to find new markets for its products.

At a meeting with leading representatives of U.S. prominent firms, Klaus said the West has a wrong idea that Eastern Europe needs mainly financial assistance. Czechoslovakia, however, has never asked for it. It has lost the Soviet and former East German market, Klaus said, adding that for the time being it needs the help of Western firms namely in the area of foreign trade.

Klaus acquainted the U.S. business leaders with problems and achievements of the economic reform in Czechoslovakia. Its pace of reform is quicker than in the other Central and East European countries, and Czechoslovakia wants to keep it up, he said.

After the talks with the U.S. business representatives Klaus ended his week-long visit to the United States and left for home.

Trade Deficit Reaches 9.1 Billion Korunas

AU1405214091 Prague HOSPODARSKE NOVINY
in Czech 10 May 91 pp 1, 2

["(do)"]-signed report: "Fewer Exports and Imports"]

[Excerpt] [passage omitted] Czechoslovak exports reached 51.6 billion korunas in the first three months of the year. More than 25 percent of these exports went to Germany. The Soviet Union was in second place with 17 percent, followed by Yugoslavia, Poland, Austria, Italy, Hungary, and other countries. The volume of imports represents the sum of 56.2 billion korunas, but the largest supplier to the CSFR was the Soviet Union (32.6 percent), followed by Germany, then by Austria, Poland, and other countries. In view of the fact that our most important import commodities are raw materials, the Soviet Union's first place is easily understandable.

A significant—yet not very pleasant—feature of our foreign trade in the first months of the year is a pronounced deficit in trade with the CEMA countries: It reached 9.1 billion korunas. The main reason for the declining trend in Czechoslovak exports in this territory is caused, on the one hand, by factors that have been discussed many times and, on the other hand, by a sharp rise in imports from these countries. The real physical volume of imports may be smaller, but this is driving the prices even higher, payments are being made in different currencies, and adjustments to currency exchange rates are being made. Imports represented less than half of mutual trade in 1990, this year imports represent more than 60 percent. [passage omitted]

OH Supports Deputy Assembly Chairman Jicinsky

AU1405160091 Prague CESKE A
MORAVSKOSLEZSKE ZEMEDELSEKE NOVINY
in Czech 11 May 91 p 3

["pen"]-signed report: "In Favor of Kubat, or of Cervinka? From a Regular Briefing With Civic Movement Representatives"]

[Text] Prague—The Civic Movement [OH] will support Z. Jicinsky in his post as first deputy chairman of the Federal Assembly, primarily for his expert qualities. If Jicinsky had been recalled, the OH meant to propose J. Sokol, chairman of its deputy club, for the post, but he refused the nomination.

With respect to changes in the Czech Government, the OH prefers the expert and human—i.e. not the party—considerations and therefore it agrees to J. Strasky from the Civic Democratic Party [ODS] replacing Deputy Chairman F. Vlasak. However, it has doubts regarding the competence of I. Nemec (also from the ODS) and therefore, it prefers that the seat of the minister of control be filled by a selection from a greater number of candidates, to which the ODS allegedly agrees in principle.

Concerning the minister of agriculture, L. Kinst, secretary of the Presidium of the OH Republic Council, pointed out at yesterday's briefing that this week B. Kubat was also applauded in the Czech National Council by some ODS deputies; this despite the fact that last week this party publicly announced that it would nominate its member, J. Cervinka, for the post of agriculture minister. It is remarkable that only five days later this party declared neutrality in the matter of Minister Kubat. The OH Press Spokesman V. Zeleny expressed the opinion that the shift in the ODS stand can be linked to its intention of merging with the Civic Democratic Alliance of which Kubat became a member. The exceptions the OH has to B. Kubat are above all formal. For example, the way he dealt with the affairs concerning ZEMEDELSEKE NOVINY and Budvar does not, according to L. Kinst, correspond to the code of behavior of a minister. In addition, L. Kinst apologized at the meeting to the Liberal Democratic Party for not inviting them to the constituent assembly of the OH. He expressed a wish of the

movement to soon meet with the liberals and clarify what the two groupings have in common.

Democratic Left Stream Within KSCM Established

*AU1605080591 Prague RUDE PRAVO in Czech
6 May 91 p 2*

["(pv)"-signed report: "The Democratic Left Within the Communist Party of Bohemia and Moravia"]

[Text] Prague—A decision to establish the Democratic Left as an opinion stream within the Communist Party of Bohemia and Moravia [KSCM] open to nonparty members and other left-oriented citizens was made at the nationwide assembly—convened by the Preparatory Committee chaired by Czech National Council Deputy M. Kraus—in Prague on 4 May.

Supporters from Prague, Brno, Olomouc, Kladno, and other Czech Republic cities and districts pointed to the increase in intolerance within the KSCM and suggested a new party name because the name KSCM has become an obstacle for the unification of the left.

Participants documented how those who "acquitted themselves" in the past are raising their heads again. As one of the debaters said, in Louny some Communists celebrated May Day in pubs while wearing People's Militia uniforms with decorations.

Among the Club of the Democratic Left initiators are KSCM Deputy in the Federal Assembly M. Jansta, Czech National Council Deputies F. Adamek, J. Frkal, J. Kasuba, M. Raska, M. Slouf, and M. Linc from the Prague municipality. By the end of July, a constituting nationwide conference of the Democratic Left should be convened.

Pithart Claims Understanding of Slovak Concerns

*LD1505135191 Prague CTK in English 2055 GMT
14 May 91*

[Text] Prague May 14 (CTK)—Czech Premier Petr Pithart said today he understands why Slovaks want the chance to express their desire to live in a common state with Czechs as a decision made of their own free will, but he is still against a Czech-Slovak treaty in the sense of a document valid under international law.

In his weekly address on Czechoslovak radio, Pithart also described his visit last week to Aachen, Germany where President Vaclav Havel received the Charlemagne Prize for promoting European unity. "Everyone (I met with) showed extraordinary concern for the cohesion of Czechoslovakia, since in (Czechoslovakia's) stability lies the key to stability in Central Europe in general. I think we are still not yet sufficiently aware of this connection."

Meciar's Accusation of Collaboration Reciprocated

AU1505150391

[Editorial Report] Bratislava NARODNA OBRODA in Slovak on 13 May on page 12, under the headline "Confession of an Adversary of Totalitarianism," publishes a 1,600-word statement by Ivan Carnogursky, deputy chairman of the Slovak National Council, on the accusation of collaboration with the State Security raised against him by Vladimir Meciar. Carnogursky opens the statement by describing at length his dissident activities in the two decades prior to 1989, and he ends with this recapitulation: "Despite numerous investigations by the State Security, they did not manage to prove anything, and—as confirmed to me by the present investigators at the Federal Ministry of the Interior—the State Security agents were forced to enter in their records that I refused to sign any promise of collaboration with them." He concludes the account of his dissident activities by referring to it as "a confession of an adversary of totalitarianism."

Carnogursky then continues: "Contrary to these facts, Mr. Meciar attempted recently to make me an agent of the State Security and a man who actually helped reinforce totalitarianism. The same Mr. Meciar who began his political career in the ranks of the Communist Party" contributed to increasing the number of victims of that party, and "now, no longer a communist, stands at the head of a movement supported unanimously by the Movement for Democratic Slovakia [HZDS], the Party of Democratic Left, and the Slovak National Party. No matter how hard I try, I cannot find any common ground for these parties but the membership of a great part of their officials in the former Communist Party of Slovakia. Is it that the Red Lodge needed a Master after all?" Carnogursky finds that Meciar's vetting abilities are remarkable because, while two Slovak National Council commissions were unable to discover how the State Security produced its records over which no control existed, "two days after Mr. Meciar assumed the post of Slovak Republic minister of the interior, he also took on the duties of a private investigator, prosecutor, and judge in one person. It was, among other things, for this activity that he was called to the Slovak National Council Presidium, where he all but claimed that he is a victim of the State Security agents who cleverly secretly sent him files and lists of alleged collaborators. He refuted any objection regarding the credibility of such materials by stating that he has never done more than verify the authenticity of the documents by the accused. In response to a question as to why he did not return the materials to the Interior Ministry archive and point out the uncontrolled leak of information, Mr. Meciar replied that he destroyed everything."

Next, Carnogursky recalls an article in LIDOVE NOVINY that described the communist state strategy for controlling the church and weakening its influence on the population. It was largely based on discrediting the top officials. "It seems," Carnogursky says, "that the

instructions contained therein were known to and typical of Mr. Meciar." Carnogursky then describes how Meciar's first aim was the officials of the Public Against Violence movement. According to Carnogursky, Meciar used "an envelope" on Jan Budaj in June 1990, and having this competitor out of the way, he went after Fedor Gal and other representatives of the movement. "It did not matter much that the attack that was to eliminate them actually destroyed Mr. Meciar's original movement." However, "this time Mr. Meciar did not succeed. He only confirmed that the decision by the Slovak National Council Presidium was justified, and therefore right. Yet, he is attempting to go further. The second leading force in the Slovak Republic, the Christian Democratic Movement, must be destroyed. When the shot at Andras (former interior minister) did not suffice, Mr. Meciar tried another clearly visible target—Ivan Carnogursky." Carnogursky goes on to say that he would probably not bring any satisfaction to the "shooter" either. Years of dissent, Carnogursky maintains, prepared him for a struggle against Meciar's type of operation, i.e. one in which facts are not as important as power. Then Carnogursky alludes to an incident in Yugoslavia in which the then Slovak prime minister broke a toilet door, and expresses his opinion that a toilet "probably is the best place for strong men to show off."

Carnogursky concludes his statement by recalling the words of Fedor Gal before the original post-revolutionary government was appointed: "We are impressed by the extraordinary abilities of an unknown lawyer from a small place who is well aware of the entire structure and methods of work at the Interior Ministry. He will be an experienced minister." Unfortunately, Carnogursky comments, "Mr. Gal did not think of the fact that such knowledge was normally acquired in the training of the State Security agents, or that this organization also had its ideas for the changed situation." Carnogursky ends with an exclamation: "Who are you, Mr. Meciar?"

Carnogursky Interviewed on Slovak Economy

LD1505161291 Bratislava Domestic Service
in Slovak 1707 GMT 14 May 91

[Interview with Slovak Prime Minister Jan Carnogursky by Magda Pospisilova; place and date not given—recorded]

[Text] Issues concerning coordination of the economic reform in Slovakia and of not allowing members of the government and other high-ranking state officials to work for commercial firms, corporations, cooperatives, and the supervisory councils of state enterprises were topics at the regular news conference with Slovak Prime Minister Jan Carnogursky. Magda Pospisilova, editor, asked him the following questions:

[Pospisilova] Mr. Prime Minister, how many members of your cabinet are on administrative and supervisory councils?

[Carnogursky] After discussing this matter, I have said that any people to whom this resolution applies would have to leave. However, there is nobody in this category: no member of the cabinet is in a private firm, or in a foreign firm, and so on. Some deputies are members of administrative councils or other decisionmaking or monitoring bodies of state enterprises.

[Pospisilova] To what extent will the economic reform be amended when applied to Slovakia?

[Carnogursky] I must say that in the last few days when I was looking through the materials of Minister Filkus, I was pleasantly surprised that I could find no controversial elements in particular in its analytical part, as compared to what the government has been implementing so far, and also to what is being implemented as a part of the so-called blueprint of economic reform approved by the Federal Government, and also as compared to what the Slovak Government intends to implement. Simply, the analytical part on the economic situation in Slovakia actually is accepted without question by all participants and—I would like to stress this—Minister Filkus actually belongs to a political movement that is in opposition to the government. There is no disagreement in the basic view on the situation in the Slovak economy and on the basic ways of how to deal with it between the government and at least part of the opposition.

In these materials Minister Filkus writes that Slovakia cannot and must not follow a route different from the approved blueprint of economic reform. Slovakia does not want to and cannot deviate from the basic principles of this blueprint: liberalization of prices, liberalization of foreign trade, internal convertibility, and even restrictive budget and credit policy. All these are principles that we simply cannot afford not to respect, and we want to and will respect them. The difference lies only in the fact that the restrictive financial policy, for example—yes, we want it—but in some regions, or regarding some specially jeopardized enterprises we might—and we are considering this, approve measures which will help them financially. We have already done this and actually I can say—if I wanted to shift responsibility—that the Federal Government does the same thing. The difference is only in specific economic measures. I also want to say that the discussion about these materials was also very business-like, very matter-of-fact, and, bearing in mind its importance, it did not really even take all that long.

[Pospisilova] Mr. Prime Minister, do you think, or are you of the same view, that the degree of restriction you mentioned is, indeed, exaggerated?

[Carnogursky] [Slovak Finance] Minister Kovac has mentioned the problem of restriction, that the problem of restriction does not mean that we would wish to cut funds. The extent of restriction boils down to the fact that there are not enough production programs with good prospects in which we could invest. Minister Kovac

pointed out that the banks that grant loans on development programs naturally consider these development programs from the viewpoint of their good prospects, and especially from the viewpoint of their potential marketing. The banks simply see very few programs that have a real chance to be marketed and that would therefore deserve to be funded. This is where the problem lies.

[Pospisilova] The forecasters from the Czechoslovak Academy of Sciences see our economic situation in much more unfavorable terms than the Federal Government. Does this apply also to Slovakia? What do you think of the pronouncements—I think they were made by some specialists, economists who work for the CPCZ [Communist Party of Czechoslovakia]—that a collapse of our economy will occur within two months?

[Carnogursky] Some members of the government pointed out that this was the case, that the situation was worse than outlined in Minister Filkus' document. There was, for example, a considerable drop in the construction industry, but there will be no collapse in two months, because if it were to take place, if hitherto development were heading for a collapse, the government would have to adopt preventive measures. These measures would boil down to applying a certain overall degree of restraint to the national economy, and not only to the national economy, but also to citizens, so that we could get over it on a lower level.

[Pospisilova] It is a well-known fact that the environment of Bratislava is in a catastrophic state. This is experienced especially by our children. What measures is the government going to adopt to improve the environment of the Slovak capital?

[Carnogursky] If possible the government will adopt no measures. Since towns and villages are screaming for their rights, we shall be very pleased to hand them over. I should point out that the report submitted by the Bratislava mayor did not cite measures that should be carried out by the government, but measures that will be carried out by enterprises, and mainly those that will be carried out by the city. This is correct. The government will only give its backing to the city when these measures are implemented. A whole range of measures to improve the environment is included, starting with air, water, and the soil. A broader discussion has developed around the date of suspending synthetic silk production. Is it still the Dimitrov factory, or does it now have another name, with the premise that the ministers of interior, environment, and health proposed to bring forward the proposed date of the end of 1994 cited in the document, I think. We in fact omitted this point and said that appropriate ministers and the mayor of the capital will sit down and agree on a realistic date.

[Pospisilova] Mr. Prime Minister, you are to have a meeting with the president tomorrow. Can you tell us more specifically what your talks will be about, since you only met quite recently?

[Carnogursky] The president asked me to present the new members of the Slovak Government to him, and I am going to do that. Otherwise it will be only a general discussion because we met in Lany recently.

Daily on Obstacles to Free Trade Agreement

AU1605092591 Prague HOSPODARSKE NOVINY
in Czech 7 May 91 pp 1, 2

[Marcela Doleckova article: "Not Only Brussels Matters: Prospects of Relations With the Countries of the European Free Trade Association"]

[Excerpts] While the spotlights of media attention are focused on Brussels and the chances of the association agreement between Czechoslovakia and the EC, negotiations are simultaneously being held with those advanced European countries that are not EC members and that have formed an association of their own—the European Free Trade Association [EFTA]. [passage omitted]

These negotiations, the final aim of which is the conclusion of a free-trade agreement between Czechoslovakia and EFTA, have been in progress for several months. [passage omitted]

According to information that we obtained at the Federal Ministry of Foreign Trade, the demands that EFTA formulates vis-a-vis Czechoslovakia [as a condition for the conclusion of the free trade agreement] do not have the character of ultimatums. Nevertheless, there is no doubt that one cannot expect EFTA to acquiesce, in the long run, to generous state subsidies or import surcharges.

Czechoslovakia is, however, in a somewhat delicate position. Import surcharges are, no doubt, a temporary matter, but the problem is that the traditional method of protecting domestic markets—the customs system—used to play a wholly negligible role. The customs duty on imported industrial products, for example, is today still in the range of a mere 4-5 percent, substantially less than the customs administrations in the advanced part of Europe charge. In the command economy, including centrally administered foreign trade, customs duties actually did not play any economic role. If the import surcharge were completely eliminated and customs duties stayed at their present level, it is hardly conceivable that Czechoslovak manufacturers would withstand the pressure [from foreign competitors], even if imports of designated items were subject to an import license. This is why the free trade agreement with EFTA depends not only on the opinion of GATT on Czechoslovakia's unique feature—the import surcharge—but, first and foremost, on the general restructuring of our customs tariff.

Hence, the projected procedure is that, in the first stage, Czechoslovakia should draw up a new customs tariff. Until approximately the end of the first half of this year,

the economic sphere is to formulate its own ideas as to which products ought to be granted a greater degree of protection against foreign competition. Only then can the Federal Ministry of Foreign Trade submit the draft of the customs tariff to GATT and defend it there. There will apparently be no lack of arguments, but the question is whether GATT will accept them in their entirety. After this stage it will probably be possible to raise the, for the

time being somewhat "abstract," negotiations with EFTA to a specific platform, with the aim of making EFTA grant Czechoslovakia a certain asymmetry. Then it will apparently be possible to expect higher exports of Czechoslovak goods to EFTA markets, the significance of which is not negligible—even today EFTA countries account for roughly one-quarter of our foreign trade with the advanced capitalist world.

Borsits, NATO General Hold News Conference

*LD1505095991 Budapest Domestic Service
in Hungarian 1600 GMT 14 May 91*

[Text] General Vigleik Eide, chairman of the NATO military committee, is visiting our country. Correspondent Peter Zentai reports from his news conference.

[Zentai] The NATO Military Committee supervises and could coordinate all the bilateral defense contacts Hungary wishes to establish with the various member countries of NATO. The guest, the Norwegian General Eide, chairman of the NATO Military Committee, and the host, Hungarian Chief of Staff Laszlo Borsits, said this at the news conference.

Neither of them wished to give details to the journalists present about the discussions which had just ended. They both emphasized this is partly because the discussions concerned military secrets, and partly because they are servants of the politicians—so the provision of detailed information they will leave to the political decisionmakers.

Not only did this approach of the guest and his host appear to be similar, but their replies seemed similar on questions of substance as well. They considered it fundamental for establishing mutual trust to have exchange visits of officers and soldiers and to have study tours. Chief of Staff Borsits confirmed that beginning in the autumn, Hungarian officers will be studying not only in Germany and the UK, but also in the United States.

General Eide said that NATO will not take advantage of its monopolistic position, the result of the disappearance of the Warsaw Pact—it will remain a truly defensive organization which will wish to renew its entire structure. They are reducing their armament, but at the same time making it more effective.

Laszlo Borsits responded to a question by saying that to the best of his knowledge the Soviets had really removed all nuclear weapons from Hungary.

General Lorincz on State of Affairs in Army

*AU1505144391 Budapest NEPSZAVA in Hungarian
10 May 91 p 5*

[Interview with Army Commander Kalman Lorincz by Irene Szabo; place and date not given: "The Mood of The Officers is Just Like The Mood of The Country—If We Are Not Suitable, We Need To Be Replaced"—first paragraph is NEPSZAVA introduction]

[Text] In one and a half months, the public has witnessed leading Army General Kalman Lorincz asking our president to relieve him of his office; Defense Minister Lajos Fur asking the Constitutional Court to clarify the prevalent points of law; and Mihaly Beothy, deputy state secretary at the Defense Ministry, resigning, saying that

he opposed the leading generals. All this reflects serious infighting. Aware of all this, we asked Kalman Lorincz to answer our questions.

[Szabo] Do politics put pressure on the corps of generals in their work to restructure the Army?

[Lorincz] Hungarian politics determine what the Hungarian Army should be like. We, soldiers, cannot decide this. A multiparty consensus decides this, although this consensus does not exist yet. The legislature also decides by passing laws that outline our position and role. The Army is a national institution. Therefore, all accusations that we try to interfere with politics are unfounded.

[Szabo] It appears that there are fundamental differences between the military and political leaders.

[Lorincz] The generals do not have a lobby. We will not make cheap, personal remarks. A soldier will say face to face, like a man, if he has problems with someone. The person who uses publicity to make personal remarks is just like an Arab washer woman who babbles all the time. Our disagreement does not affect the most important thing, the defense concept. The latter involves the timing and method of the great restructuring. We would like to perform our task with the fewest mistakes.

[Szabo] Certain people question the suitability of the Hungarian corps of generals to solve the historical task dictated by the new social order in the Hungarian Republic. What is your opinion about this?

[Lorincz] The generals have been in their positions for one or one and a half years, and there can be no doubt about their professional competence. This is my opinion. Besides, you can do two things with us: Either discharge us, or acknowledge us and put confidence in us. Two things can happen to a soldier: He either accepts that he is a tool, or he becomes a victim.

[Szabo] The restructuring and the decreasing state subsidy can have a paralyzing effect on the Army in a certain sense: they can jeopardize the Army's ability to function. On top of that, the mood of the officers is bad. Are you not worried that the Army might break up?

[Lorincz] Our great challenge is to keep ourselves organized with one hand, and to direct the flexible process of changes with the other hand, while avoiding anarchy. I am aware of the foul mood of the officers, but they cannot be dismissed. Some of them clearly understand that the problems derive from the fact that we must change and function at the same time, in step with society. The mood of the professional staff is the same as that of the country; no better and no worse. The burden on the officers is undoubtedly unusual, but I do not think that the situation is tragic.

[Szabo] What are the main demoralizing forces in the Army today?

[Lorincz] The lack of a legal basis and regulations. The previous strong centralization and overregulation is

proven by the fact that four to five years ago we were regulated by 2,700 rules. A company commander used 160 rules each day. As a practicing commander, I knew approximately 300 rules myself; more than that would probably have paralyzed me. Some 70 percent of the 2,700 rules were withdrawn. There are no new ones. We urgently need a new law for the Army and for the military service, and new military service regulations. We still have to make the organizations work. This is why I said we had a great challenge.

[Szabo] General Lorincz, do we need to be afraid of our own Army?

[Lorincz] In our history, there is a precedent of our Army falling apart, but there is no precedent of our Army turning against its own nation. I think it impossible that this could happen today, either. Therefore, we need not be afraid, although employing the Army does not depend on my decision. Fortunately, the Constitution sets out the exact rules about this.

MTI Details New Accounting Law

LD1505161191 Budapest MTI in English
1318 GMT 15 May 91

[Text] Budapest, May 15, 1991 (MTI-ECONews)—The Hungarian Parliament yesterday approved the new accounting act, which comes into force on January 1, 1992.

The new law lays down international norms to be followed when assessing the financial situation and results of companies.

The law makes it compulsory for companies to have their balance sheets audited and to make them public. The penal code will be amended in conjunction with the new law, so as to contain appropriate sanctions for those who do not present an "accurate and fair" view of their business operations.

It will similarly be necessary to amend and adjust the present corporate tax act to bring it into line with the new accounting act.

Under the law, all entrepreneurs will be obliged to prepare an annual report to state changes in assets and finances during the year. The annual report shall consist of a balance sheet, a statement of income, appendices, and a business report. The balance sheet features company assets and reflects the financial situation of the entrepreneur. The income statement lists the incomes and expenditures of the business. The appendices are written explanations necessary for presenting a true picture of the assets and results of a business, so that all data will be clear, unambiguous and uniform to the reader. The business report will also contain a forecast of future business.

Companies, including joint ventures, will prepare their balance sheets in forints. Off-shore companies will be required to present data in hard currency according to the official exchange rates of the National Bank of Hungary.

The structure of the balance sheet will conform with guideline No. 4 of the Council of the European Communities.

The new accounting law introduces the notion of a firm's own capital, instead of a company's own assets previously used.

A company's own capital is equity capital, capital reserve, retained profits, losses brought over from previous years, and balance sheet results.

The foreign exchange assets of the company have to be converted into forints at the exchange rate valid on the last day of the year.

Losses and gains on exchange rates are to be put down against profits.

The entrepreneur has complete freedom in handling the depreciation of assets. Under a value of 20,000 forints, even immediate depreciation is possible.

The accounting law rules that companies have to make public their annual reports and deposit them with the court of registration by May 31 each year so as to make them accessible to business partners.

Economic Council Foresees 'Catastrophe'*LD1505201291 Warsaw Domestic Service in Polish
1500 GMT 15 May 91*

[Text] With the participation of Jan Krzysztof Bielecki, the Economic Council attached to the prime minister discussed industrial policy. [Name indistinct] listened to the meeting.

[Reporter] In practice, ladies and gentlemen, it looked as if the prime minister, as well as Andrzej Zawislak and Adam Tanski, the ministers of industry and agriculture, met the best Polish economists quite simply to hear views on how to avoid an economic catastrophe. The center has lost control of some elements of the situation. Professor Witold Trzeciakowski declared at the beginning of the discussion. Quite various and extreme views were heard. It was unanimously stated that enterprises are behaving irrationally and no one can predict their reaction. Deputy Ryszard Bugaj cautioned that Poland in May might reach the same tragic situation the former GDR is in currently. Afterwards Dr. Bugaj appealed for three months calm; without this, it seems we are threatened with a real catastrophe. The majority of those attending the meeting supported the plan for the government to concentrate on micro-economic policy.

It was also very festive there. At one point the participants tried to agree how the minister ought to react to the peoples' question: When will things finally get better? And here it transpired, much to everyone's surprise, that Adam Tanski, head of the Ministry of Agriculture, knows the formula. I always follow the advice of a certain priest. Minister Tanski admitted. That priest always advises: Lie to them, lie to them, and perhaps something will come of it. For that reason the agriculture minister's answer to the people is: It will certainly be better in two or three years; although naturally, he does not believe it himself.

Additional Copper Enterprises Join Strike*LD1505164191 Warsaw Domestic Service in Polish
0600 GMT 15 May 91*

[Text] The striking enterprises of the Lubin copper combine were joined last night by the Lubin East, Polkowice, and Kielaszowice enterprises, and the whole copper mining basin will be at a standstill today. The strikers will not yield until all of their demands have been met.

Let us recall that the strike committee is demanding a 100 percent pay raise from 1 May; the preparation of a new law on pension provisions for miners and their families; the payment, at current prices, of equivalent value due for the domestic coal allowance; and the exclusion of these benefits from taxation.

Central Bank Chief Explains Monetary Policy*AU1405083991 Warsaw RZECZPOSPOLITA
(Economy and Law Section) in Polish 8 May 91 pp 1, 1*

[Interview with National Bank President Grzegorz Wojtowicz by Piotr Aleksandrowicz; place and date not given: "The Level of Reserves Is Satisfactory"]

[Text] [Aleksandrowicz] There is increasing pressure from exporters to devalue the zloty in relation to convertible currencies. At the same time, for several days now, the rate at which the dollar is being sold by private exchange dealers has been steadily rising. Can we expect to see a devaluation of the zloty?

[Wojtowicz] The basic guideline in exchange rate policy is ensuring that there is a sufficient supply of foreign currency to pay for imports. The operational yardsticks are the level of foreign currency reserves, how they stand in relation to imports, and trends in this area. The level of our reserves has fallen recently, but they do not pose a threat to maintaining liquidity. Thus, the exchange rate can remain the same. The official exchange rate and that offered by private dealers have been very similar for a long time now. Periodically, more foreign currency is bought than sold, and recently the amount of foreign currency being sold has risen somewhat. From time to time, the market's response is bolstered by the expectation that the official rate will change. However, after a period of nervousness and once it has become apparent that the official rate will not change, calm is restored to the market.

[Aleksandrowicz] What is meant by a "significant reduction in reserves" over the past few months?

[Wojtowicz] It means a reduction of about \$1 billion.

[Aleksandrowicz] Maintaining the present exchange rate might mean a further reduction in the level of foreign currency reserves. Can that be allowed to happen?

[Wojtowicz] I believe it can. We still have over \$4 billion in reserves. We have a stabilization fund that has not been touched. As long as our reserves exceed the value of imports over a three month period, the level is satisfactory.

[Aleksandrowicz] Despite the reduction in the Polish National Bank base rate, many directors still believe that the interest charged on loans is still "prohibitively" high. What do you think?

[Wojtowicz] Essentially, that is what they think, but the question can be asked: If that is so, then why does the demand for loans continue to exceed supply?

On 1 May, the loan refinancing rate was reduced to 59 percent. The reduction in the base rate takes account of the recent fall in inflation and a projected increase in prices of about 3 percent for May.

We envisage that the loan refinancing rate will fall as inflation falls. The minimum rate will be determined by the rate at which prices are expected to increase over the next few months. In addition, in calculating the base rate, we will also take account of the way savers behave, the demand for loans, the foreign currency reserves situation, and the situation in the private currency exchange market.

[Aleksandrowicz] In short, will it be easier to obtain money in the economy or not?

[Wojtowicz] Our policy on the money supply is aimed at reducing inflation. In light of this, the rate at which the availability of loans increases approximately corresponds to the rate at which prices increase. Enterprises can expect the availability of loans to remain the same over the next few weeks.

In the third quarter, one can expect a seasonal increase in the real level of loan availability in view of the needs of agriculture. It is also worth mentioning at this point that we are seeing the rapid development of money market and refinancing instruments, including the sale of Polish National Bank bonds, treasury bonds, rediscounting bills of exchange, and the purchase of securities by the Polish National Bank on condition that they are bought back after a certain period of time.

[Aleksandrowicz] However, that does not herald the boost to the economy through a general increase in the money supply that some economists and directors have been hoping for.

[Wojtowicz] Adjustments to monetary policy cannot stimulate the economy by themselves, especially as the basic criterion for determining the scale of such adjustments must be concern about the zloty's standing and public confidence in its future.

So, this means that steps are needed in other areas of economic policy.

[Aleksandrowicz] Let us return to the question of interest rates. Some banks, including the Polish Savings Bank, are reducing the interest paid on savings by more than the reduction in the Polish National Bank base rate would indicate. How do you view that?

[Wojtowicz] Banks are free to set interest rates as they choose. In doing so, they must take account of the state of their balance sheets, and, as we know, banks' profitability has been declining over the past few months. However, on the other hand, in making their calculations banks should be able to foresee what their clients' natural reaction will be, that is, to transfer savings to a bank offering a higher rate of interest.

[Aleksandrowicz] The Sejm is currently working on amendments to the banking law and the Polish National Bank act. What are the reasons for the changes being proposed?

[Wojtowicz] In countries with a market economy, the central banks preserve a varying degree of independence. It has taken decades for each of them to establish their position, and even centuries in the case of changing economic conditions. In Poland the process of situating the central bank in the economic system has only started recently.

In Poland, pressure to increase loans will continue because there is a shortage of capital, even if it means boosting inflation. Under such conditions, the central bank should be independent in order to perform its main task, that is, stabilizing the zloty. Therefore, the Polish central bank should:

- Look after the zloty and support the government's policy to an extent that does not endanger the zloty's position;

- Preserve freedom in shaping monetary policy, but should also discuss the course of monetary policy with the government and submit reports on its implementation to the legislature.

That is the purpose of the amendment of the banking law and the Polish National Bank statute. The changes currently suggested are the minimum necessary for the National Bank and commercial banks to continue to function efficiently. I wish to forestall criticism by adding that we do realize that thorough amendments to the banking law and the Polish National Bank statute are required. We have already commenced work on this and intend to complete it in a few months. We are using the legislation of highly developed countries with market economies as a pattern in the hope that we will create a law that will clearly define the working of the banking sector—the central bank and the commercial banks.

[Aleksandrowicz] It seems that the functions of the central bank have already been separated from those of the commercial banks.

[Wojtowicz] Not quite. The central bank's current organization is still not good. The National Bank's activity is not restricted to activity typical of a central bank. It still continues to operate many bank accounts, including foreign currency accounts for individuals. It performs numerous services for the commercial banks. That is a leftover from the past, because the Polish National Bank's organization is not complete yet, and in some spheres has not even been started.

In restructuring the Polish National Bank, we are taking advantage of the help of the IMF and experts from six central banks (those of Austria, France, the Netherlands, the FRG, the United States, and Great Britain). We are concentrating on three basic areas of activity:

- The technical infrastructure and banking accounting procedures and information;

- The second involves banking information—analysis and forecasts; monetary and hard currency policy; and the functioning of the foreign currency and capital markets;
- The third sphere involves issuing licenses to new banks and supervising them.

The final result of all this will be a mature central bank in the near future, a Bank of Poland. That is what I hope.

Balcerowicz Departs for London Economic Conference

LD1505122891 Warsaw PAP in English 2024 GMT
14 May 91

[Text] Warsaw, May 14—Polish Deputy Prime Minister Leszek Balcerowicz departed for London today to attend a conference on changes in the Polish economy organized by the Confederation of British Industry. Several hundred representatives of British firms interested in investing in Poland are to take part in the forum.

During a two-day visit to Britain Balcerowicz will also hold a series of meetings with members of the British Cabinet to discuss Poland's negotiations with the EC with particular stress on Poland's exports to the EC countries, mainly of foodstuffs, textiles and steel products.

The deputy prime minister also hopes to discuss in London the question of debt owed by Poland to private banks.

Foreign Intelligence Activities Viewed

PM1505084091 Wroclaw SLOWO POLSKIE in Polish
2-3 May 91 p 4

[Unattributed article: "Vienna in Warsaw"]

[Text] "Until recently, Vienna enjoyed the status of a mecca for all intelligence services. Now that the 'ideological border' has moved eastward, its place has been taken by our country's capital," Piotr Gajdzinski writes in the WPROST [POINT-BLANK] weekly.

Andrzej Milczanowski, head of the State Protection Office [UOP]:

"We rate the threat to Poland in consequence of foreign intelligence activities as serious."

Dariusz Z., employee of the UOP's Poznan branch:

"We estimate that the Soviet intelligence service could command 6,000-7,000 potential collaborators in Poznan alone. These would be recruited from among past visitors to the USSR, former Security Service [SB] informers, and so on."

"I am not at all surprised," explains "W," former employee of the Internal Affairs Ministry's First Department, "by the extent of the threat posed by the activities

of foreign agents in our country. Our own staff re-vetting procedure was very stringent, far more so than in the police structures, and as a result almost 75 percent of the personnel were, so to speak, 'put out to pasture.'"

Colonel Henryk Jasik, director of the UOP Intelligence Department, admits that in the course of re-vetting operations there were some incidents of Polish agents resident in the West "disappearing," but he adds that these were only isolated instances, which "cannot undermine the foundations of the security of our agents operating abroad." We can, however, be certain that the deserters were caught in the orbit of interest of other security services, for whom they constitute an invaluable source of information—just as the agents who were not re-vetted, but remained in the country.

"Of course, such a possibility exists, but I do not believe—knowing those men as I do—that they will have agreed to 'act on the rebound.' You presumably think that every single one of us was a communist, and that was why we worked for the Polish People's Republic. This is completely wrong. We had entirely different motives for entering the service," "W" explains.

Trackers of the "red threat" are convinced that the scenario which "W" believes to be so improbable has already occurred, and that the former agents, who for a long time cultivated links with the KGB, are now working for the Russians.

"I myself spent 12 years in the West, but my contacts with Soviet intelligence services were very infrequent," "W" adds. "All in all, I met those men maybe five times on occasions when we were assisting one another. Perhaps contacts at the top were maintained with greater frequency, but 'in the field' the KGB could not force me to have anything to do with them just like that."

The accusation that Polish intelligence service structures were infiltrated by KGB agents is rejected by the top officials in the Internal Affairs Ministry. They insist that there is no evidence whatsoever that Polish officers still in active service are selling classified information. It is also untrue that Polish intelligence officers are learning their tradecraft at KGB centers—except for one year's intake, back in the fifties.

Since 1968, a Polish intelligence service college, established in the era when Czeslaw Kiszczak was head of the service, has been operating on the shores of Lake Walpuskie in Mazury. The "university," as its inmates sometimes refer to it, looks like a standard military unit: Everyone wears military uniforms and only a small section of the garrison is allocated to training the "illegals," that is, the superspooks.

"Jasik was one of the lecturers there in the mid-eighties. I was in his tutorial group. He is the top expert: I rather think that he will do quite well nowadays," "W" adds.

The priorities of Polish external politics changed in the middle of 1989. Since then—though the chiefs at the

Internal Affairs Ministry are quite reluctant to acknowledge it—the officers of Rakowiecka Street have applied themselves most assiduously to analyzing the activities of our eastern neighbor.

Soviet intelligence, in turn, has amassed a vast knowledge of Polish affairs. Their network was originally set up as early as 1944, by virtue of a special law which allowed the penetration of German Armed Forces and "clearing the areas adjacent to the front to ensure maximum security for the units of the victorious Red Army." It was at the same time that intelligence agents and informers were first planted at all levels of the power structures in key state and party institutions.

The armed forces were particularly heavily infiltrated by intelligence agents; until 1956, the institution of so-called "advisers" operated within the Army.

On the other hand, the seventies generated entirely different areas of interest for the KGB. Most of the interest was concentrated on modern technologies which were then arriving in Poland from the West.

The Soviet intelligence network's cells were especially active in armaments plants. In the mid-eighties, when construction work was carried out on the "Sokol" helicopter, many engineers were forced to work from their own homes to avoid the ubiquitous nosy "advisers."

KGB residents are "stationed" at the Soviet Embassy in Warsaw and at the consulates in Poznan, Krakow, and Szczecin. In the seventies Poland and the USSR signed a relevant bilateral agreement, and until March this year the KGB "residency" operated quite openly in Warsaw. Major General Vasilii Galkin, who recently celebrated his 65th birthday and consequently retired from his post, has been replaced by Major General Smirnov. According to the terms of the official agreement, the objective of KGB activities in Poland is to cooperate with the police and the UOP in combating organized crime and narcotics smuggling rings.

Until last month, General Smirnov's opposite number in Moscow was the UOP officer, General Sarewicz.

Soviet intelligence introduced some truly Western methods of operation to Poland. Apart from intelligence

officers employed at diplomatic establishments, KGB agents are also planted in foreign firms and offices representing foreign companies. In addition, for some considerable time now an explosion of "Soviet businessmen" has been observed penetrating our market. Several dozen joint venture companies based on Soviet capital have been set up already in our country.

"Given the Soviet state's history and modes of operation, we can conclude that one objective of the Soviet economic initiatives is to carry out intelligence activities here," Henryk Majewski, the internal affairs minister, asserts.

Dariusz Z. adds that the majority of these firms is under close, albeit discreet, surveillance by UOP operatives.

Officers at the Internal Affairs Ministry confirm that Poland is very quickly becoming a true El Dorado for foreign intelligence networks, and that Warsaw is beginning to supersede Vienna in this respect. In the past, Austria's capital enjoyed the position of being closest to the "Iron Curtain" and, consequently, it was there that foreign intelligence centers established their European headquarters: the United States' CIA, Britain's Secret Intelligence Service [SIS], Israel's Mosad, or the French intelligence service. Nowadays, Moscow seems much closer to Warsaw than to the banks of the Danube, and it is to our country that the operations headquarters of Western special intelligence services are planning to move, or have moved already.

Irena Popow, UOP's press spokesperson, firmly refuses to say anything at all about any cooperation that may be taking place between her parent institution and Western intelligence services. All we know is that our agents have been assisting a group of American and German "students" in penetrating the secrets and learning the operational mechanisms obtaining in the KGB. But they are not working from the Mazury center.

"I can assure you," she says, "that their own centers are much better suited to this type of training."

During his recent U.S. visit, Lech Walesa met with CIA chief William Webster. The substance of their talks was not disclosed to the public.

Roman Chairs FSN Steering Committee Session*AU1605103291 Bucharest AZI in Romanian
10 May 91 p 1*

[Unattributed report: "Communique Under the Sign of the Rose"]

[Text] A meeting of the National Salvation Front [FSN] Steering Committee chaired by our national leader Mr. Petre Roman took place yesterday, 9 May.

At the meeting, the FSN Executive Bureau presented a report on the domestic political situation, the essential crisis of Romanian society, the post-revolutionary crisis deriving from this, the balance of forces in the current political competition, and the FSN strategy and tactics in accelerating the reform process and carrying out the program adopted by the FSN National Convention.

The meeting also dealt with the recent government reshuffle and, in this context, it also explored various ways of consolidating the FSN political position.

The FSN Steering Committee approved the composition and mandate of the governing party's delegation for a dialogue with the opposition parties in Parliament to continue the process of a political opening leading to the possible establishment of a Democratic Forum for Reform, as a body of political cooperation to support the reforms.

A decision was made to totally withdraw the governing party's political support from the following deputies: Sorin Botnaru, Ioan Danut Fleaca, Mihai Iancu, Teodor Mihaescu, Vasile Radulescu, Mihai Stoica, Dumitru Serban, Dimitrie Nicolescu, Gheorghe Manole, and Zgorcea Ivan of the parliamentary faction "FSN-20 May," as well as from Senators Barbu Popescu and Constantin Balcan, who ran on the FSN lists in the general elections and publicly declared that they do not recognize the Statute and the Political Platform adopted by the National Convention of the FSN.

In connection with the position of Senator Alexandru Barladeanu, the FSN Steering Committee rejected the accusations formulated in the Senate regarding the reform program and the results of the National Convention, and regarded these accusations as unfounded. Given Mr. Alexandru Barladeanu's state of health and his request to hold talks with the FSN leadership, the Steering Committee agreed to postpone its decision.

The government was requested to formulate a program to combat crime and to promote legislation to combat corruption and the use of personal influence.

The meeting also urged the government to set up a working group to examine possibilities and methods of reorganizing Romania's territorial administration.

The meeting examined and approved regulations for the activity of the Steering Committee, the Central Control Committee, and the Ethics and Litigations Committee.

The meeting also approved the composition of the FSN Committee for National Problems.

Cabinet Endorses Loans for Young Couples*AU1505205691 Bucharest ROMPRES in English
1831 GMT 15 May 91*

[Text] Bucharest ROMPRES, 15/5/1991—Premier Petre Roman chaired Wednesday afternoon the weekly sitting of the Romanian Government.

Minister of Economy and Finance Eugen Dijmarescu informed the executive of the disproportion between the financial resources of the state budget, the commercial companies and the public corporations on the one hand and the claims for salary rises, especially by non-productive sectors on the other. In his report he suggested the necessity to find means to cover production costs of staple food like milk, milk derivatives, meat and meat preparations in state-capital units after the results of a survey conducted in these units are known.

An item of utmost importance discussed was the need to have the construction projects of public interest left unfinished completed with the contribution of prefectures, contractors companies and others, whom the government envisages to stimulate by granting long-term leases on the buildings completed.

A close examination of the ratio between the first four months imports and exports revealed the necessity for a minute survey of the share and distribution of the imported raw materials, fuels and power.

Prime Minister Petre Roman brought up again the issue of corruption which devastates both ministries and local administration and requested the Ministry of Justice to speed up the drafting of the civil servant status, a demand clearly expressed by trade unions as well.

The government also examined the bill on prison and fine sentences, which has been lined up to international standards, and is ready for submission to Parliament.

A decision was also adopted that newly married couples under 25, if at their first marriage, should benefit from up to 100,000 lei bank credits per family, disbursable in maximum 10 years against an interest below the current market rates on condition that the loan is applied for within 12 months from the date of marriage and at least one of the spouses is on a non-temporary employment.

Civic Alliance 5 May Meeting Described*AU1605083891 Bucharest ADEVARUL in Romanian
7 May 91 p 2*

[S.P. Achim article: "The Civic Alliance Will Become a Political Party"]

[Text] Fine people, a completely filled hall, many questions, an atmosphere filled with much valued refinement and subtlety, and loud and long applause. In short, this is

almost all one can say about the meeting of the Steering Committee of the Civic Alliance [CA] held on 5 May—at the end of a two-day session behind closed doors—with its Civic Alliance sympathizers in the town of Sibiu.

The most important news—adequately received by a part of the public—of the aforementioned meeting was the fact that an initiative group for drafting statutes and programs of a strong democratic party was set up during the meeting. This means that the Civic Alliance, or at least a part of it, will shortly establish a political formation. The final decision in this respect will have to be taken during the next national conference of the Civic Alliance. It seems that the idea was not favorably received by all the members of the leadership, since Mr. Ticu Dumitrescu said publicly that at the moment it is not political parties and new electoral and public consultations that the country needs.

From all that was said at that meeting, one could clearly understand that in the near future the Civic Alliance will harass the life out of the current leadership. Mr. Sora revealed to those present that a picket was organized in Bucharest by the Brasov "15 November" Association, but through various maneuvers, the leadership publicly accredits the idea that this form of protest represents only a small, insignificant, and noisy minority. Therefore, Mr. Sora requested immediate action to collect signatures throughout the country to prove that it is not just a few people involved, but representatives of the general will (a voice in the hall: You collected signatures in connection with the Timisoara Proclamation as well, and nothing happened!). Mr. Dumitru Iuga suggested that banners, flags, and other individual signs be sent to the picketers in order to show the public that those people are not alone.

Mrs. Cornea revealed the fact that in November 1990 she was among those who insisted (on the phone if I understood correctly) that King Mihai accept the invitation extended to him by some Timisoara residents to visit the town on the banks of the Bega Canal. The former king's refusal surprised and also impressed her "through its royal dignity which I, as a simple plebeian, did not realize." The former monarch apparently replied, "I will not take part in a manifestation in which 'Down With Iliescu' chants are heard. It is beneath my dignity to go there, where Romania's president, no matter what he is like, is contested." "This is what it means to be a real king," Mrs. Cornea concluded.

Also under the rubric of confessions, one could include something said by Timisoara resident George Serban. He warned the government that if (after Mr. Florin Carpanu's resignation) a National Salvation Front [FSN] prefect is appointed in Timisoara (disapproving cries in the hall) then the Timisoara residents will act the way they did on 12 January 1990, when the local FSN Council was removed and local elections were held. In

this context, Mr. Serban mentioned that an action that was properly concluded—by removing the FSN leadership—in Timisoara, was not carried to completion the same day in Bucharest. Thus, the assumption of those who believe that the events which took place that day in Romania's capital and in the capital of the Banat region were part and parcel of the same scenario—which failed in the end—is suddenly confirmed here.

Severin Hopes for U.S. Trade Ties, MFN Status

AU1505205391 Bucharest ROMPRES in English
1913 GMT 15 May 91

[Text] Bucharest ROMPRES, 15/5/1991—"Romania tries to convince the United States to re-establish commercial bilateral relations with it, broken off during the last months of Ceausescu's rule, as a consequence of infringements of human rights in our country," said Adrian Severin, minister of state for the reform in Bucharest's government, now on a visit to Washington.

"We do not ask for charity acts," added Severin, who had a number of interviews with members of the U.S. Administration and Congress. "We have only asked for assistance in the development of the market economy and the democratic processes." He expressed his hope that the United States would grant Romania again the most favoured nation [MFN] clause, which Ceausescu refused in 1988 as a consequence of the ever fiercer criticism of the U.S. Administration as regards the infringements of human rights in Romania.

"Romania has made progress in the development of democracy and private enterprises," said Adrian Severin, who added that "further measures will be taken in this respect, when the new constitution is adopted, that is in the months to come." The Romanian minister also pointed out that U.S. Administration officials in charge of economic relations gave him "very encouraging answers" as regards the training of Romanian specialists in the practice of the free market.

Adrian Severin specified that U.S. authorities asked the Romanian party to bring concrete data as far as its request is concerned. "I hope that the Romanian realities of today are better understood in this country now," said the Romanian minister for the reform.

Stolojan Appointed Privatization Chief

AU1405190091 Bucharest ROMPRES in English
1713 GMT 14 May 91

[Text] Bucharest ROMPRES, 14/5/1991—Former Romanian Finance Minister Theodor Stolojan was appointed, under Romanian Prime Minister's decision of May 14, secretary of state, head of the National Agency for Privatization and Development of Small and Medium Enterprises, to replace Petre Terzio.

Reportage on Mesic, Presidency Session Vote**Discussion on Mesic To Resume 16 May**

LD1605104891 Belgrade TANJUG Domestic Service
in Serbo-Croatian 0939 GMT 16 May 91

[Excerpts] Belgrade, 16 May (TANJUG)—As TANJUG has learned, the SFRY Presidency session that is planned to continue discussing the situation caused by the failure yesterday to elect Stipe Mesic president of the SFRY Presidency will resume this evening. The exact time for the session is yet to be decided, but the members of the SFRY Presidency are not expected to meet before 1900.

Meanwhile, the outcome is awaited of a joint session of the SFRY Assembly's chambers whose agenda should include the proclamation of new members of the SFRY Presidency from Montenegro, Vojvodina, and Kosovo. There has been no official explanation, but it is believed that the course and outcome of the Assembly session could have an impact on the resolution of the crisis in the state leadership. [passage omitted]

It is hard to predict how the situation will unfold, but it is expected that after the joint session Branko Kostic will return to Titograd, where it has been learned from unofficial sources that the republic's assembly will meet this afternoon.

The course and the outcome of this session will depend on whether Branko Kostic is officially proclaimed a member of the SFRY Presidency at the joint session of the Federal Assembly. If he is, the Montenegro Assembly will decide on its standpoint, which Kostic will assume in Belgrade this evening at the SFRY Presidency session. If, as happened six days ago, the SFRY Assembly fails to proclaim him a member of the state leadership, the Montenegro Assembly will have to review again the situation and its consequences.

In any case, as TANJUG has learned, the SFRY Presidency session this evening will not be an expanded one. It will be attended by Presidency members alone. It is not known who is going to chair it since there are rumors that [SFRY Presidency President] Borisav Jovic, whose mandate as president expired at midnight last night, does not wish to perform this function.

Bosnian President Reacts to Events

LD1605051591 Belgrade TANJUG in English
2343 GMT 15 May 91

[Text] Sarajevo, May 15 (TANJUG)—No other alternative comes into consideration save to elect Stipe Mesic, member of Yugoslavia's Presidency from the Republic of Croatia, to the post of president, Alija Izetbegovic, president of the Presidency of the Republic of Bosnia-Herzegovina, said here this evening.

At today's session of the Presidency of Yugoslavia, Mesic was not elected president, representatives for Serbia, Vojvodina and Kosovo having voted against and Montenegro's representative did not wish to vote.

In his statement to Sarajevo TV Izetbegovic emphasized so, since out of the question are all other alternatives for solving this problem as, under the Yugoslav Presidency procedure rules, Croatia's representative should be elected president. [sentence as received]

All constitutional and legal reasons are in favour of Croatia's representative, Izetbegovic said, adding that no reply was given him to the question of what arguments exist against Mesic's election.

I am ruling out as the worst motive for non-election one of creating a pretext for a state of emergency and military intervention, Izetbegovic underlined.

In the opinion of Bosnia-Herzegovina's Presidency president, in all likelihood, Mesic did not get elected as the Federal Assembly last week did not elect Presidency members from Montenegro and the Provinces of Kosovo and Vojvodina, constituent parts of Serbia.

Drnovsek, Mesic View Vote

AU1605001291 Ljubljana Radio Slovenia Network
in Slovene 2000 GMT 15 May 91

[Interview with SFRY Presidency members Janez Drnovsek and Stipe Mesic by Biserka Povse in Belgrade on 15 May—recorded, Mesic speaks in Serbo-Croatian]

[Text] [Drnovsek] All in all, in this situation, there is no point in persuading opposite sides, apart from asserting that, in my opinion, it follows from the Constitution and the rules of procedure of the SFRY Presidency that Stipe Mesic is the president of the Presidency as of midnight. If those Presidency members who failed to implement this provision in the Constitution and the rules of procedure change their minds, I am ready to continue work in the Presidency.

[Povse] Will the Federal Assembly solve anything at the two chambers's session tomorrow at which they should discuss the appointment of the [word indistinct] Presidency members.

[Drnovsek] It is possible that this assembly session will bring a change to the stands of those Presidency members who today voted against Mesic. As far as we are concerned, our stand, that is, our vote cannot be changed. Our stand is also shared by Mesic, Tupurkovski and Bogicevic.

[Povse] Therefore, according to Dr. Drnovsek's words, tonight we have not been left without the president of the Presidency and the commander of the Armed Forces.

[Drnovsek] I have said that, proceeding from the Constitution and the rules of procedure, for me, Stipe Mesic is the president of the Presidency as of midnight.

[Povse] And what does Stipe Mesic say?

[Mesic] ("This) situation is completely normal, as far as I am concerned. The Constitution foresees the way in which the president is elected and the rules of procedure have set the operationalization. Serbia has failed to adhere to this. This means the representatives of Serbia, Kosovo, and Vojvodina.

[Povse] Does that mean that as of midnight you will be the president of the SFRY Presidency?

[Mesic] Well, this is what should happen. However, what is and what will be depends on the fact that there were not five votes in favor. There has never been any voting before. One simply said that the legal situation is this: The term of office of the president and vice president has expired and it is time to give these offices to two different people, another president and another vice president. This time, Borisav Jovic put this to a vote. Serbia voted against—this is the only republic with three votes, otherwise we are all equal—and Montenegro abstained. Therefore, two eyes and two ears on the head [refers to statement made in the past that Serbia and Montenegro are like two eyes on one head] reacted in one way, and other members, four of them, that is, wanted the Constitution and rules of procedure to be respected.

[Povse] What do you expect from tomorrow's Federal Chamber session [as heard]? Will it solve what you have not solved in the State Presidency?

[Mesic] I do not know what they will decide. We have a break. The Presidency has a break, because nobody else can convene a new session. We will probably continue tomorrow, and I do not know how long the break will last.

[Povse] After this talk, the expanded Presidency session was interrupted. Dr. Janez Drnovsek, Presidency member from Slovenia, explained that he will attend the continuation of the session only if Stipe Mesic receives the necessary fifth vote. We would rather refrain from forecasting what will be added here by tomorrow's session of the SFRY Assembly chambers with the proclamation of members of the State Presidency from Kosovo, Vojvodina, and Montenegro featuring on its agenda.

Mesic Confident of Election

LD1505224291 Belgrade TANJUG Domestic Service in Serbo-Croatian 2136 GMT 15 May 91

[Text] Zagreb, 15 May (TANJUG)—"There is no possibility of my not being elected president of the SFRY," said SFRY Presidency Vice President Stipe Mesic in a Croatian television program this evening. Mesic said that the SFRY Constitution is clear and that according to the Constitution, the next president of the SFRY Presidency must be a representative from the Republic of Croatia—namely, him.

"Those who voted against me must give some thought to what this means, because the ones who are voting against are in fact breaking up Yugoslavia and jeopardizing the formation of the Presidency."

"A fifth vote is needed," said Mesic. "I think it will be cast tonight," he added. Mesic does not know who will cast it, but he expects that one of those who voted against him will realize the significance of the constitutional provisions.

"We are not asking for Croatia to have anything that the other republics did not have," explained Mesic, pointing out that the Republic of Serbia has had a president of the Presidency. "Now it is Croatia's turn. Drnovsek told me that he considered me the president from midnight tonight," said Mesic.

Asked whether the Army could "take things into its own hands" if politicians failed to reach an agreement, Mesic replied that in his opinion it would not. He stressed: It is clear to everyone what this is all about; and I believe that the Army will wait for the denouement of the situation and for the continuation of this session; however, I am still counting on everyone drawing a moral from this session and on those who tried to crush constitutional provisions by obstruction to understand the situation and accept what is the only possible outcome.

Commenting on today's long Presidency session, Mesic said it was cut short and that it will resume on 16 May. "We interrupted the session because had we ended it there would have been no one to convene it again," explained Mesic. He also said that he and Drnovsek left the session, and this is why it was cut short.

Mesic Denounces Meeting Interruption

AU1505223991 Vienna Domestic Service in German 2200 GMT 15 May 91

[Excerpt] As of now, Yugoslavia no longer has a head of state. The rotational election of Croatian President Stipe Mesic as state president by the State Presidency has so far been prevented through the resistance of the so-called Serb block. The term of the current president, Borisav Jovic, expired at midnight.

Croatian President Tudjman demanded in an ultimatum that the State Presidency confirm Mesic as head of state by this morning [16 May]; otherwise, Croatia will probably leave the Yugoslav Federation of states.

Stipe Mesic himself noted that a constitutional crisis has so far been averted because the members of the State Presidency agreed to interrupt the session until tomorrow morning. Mesic described this move as a trick that makes it possible for the State Presidency to continue its work. [passage omitted]

Kucan Cited on Presidency Session

LD1505162391 Zagreb Domestic Service
in Serbo-Croatian 1500 GMT 15 May 91

[Text] We have some new information regarding the SFRY Presidency session. Radio Slovenia's reporter has reported from Belgrade that, after the failure to elect Stipe Mesic as SFRY Presidency president, a number of scenarios for resolving the newly created crisis have appeared at the closed-door SFRY Presidency session, which is still underway.

According to the Radio Slovenia report, which we have just received, a proposal was made, also carried by TANJUG, that Stipe Mesic be appointed as a temporary coordinator of the SFRY Presidency work. According to another proposal, it should be Macedonian representative Vasil Tupurkovski and as a possible coordinator Borisav Jovic was mentioned.

This was opposed by Slovene representative Janez Drnovsek, who insisted that the SFRY Presidency president be elected in a regular procedure, from the Republic of Croatia, i.e. from the republic whose turn has come.

Slovene Presidency President Milan Kucan had a brief talk with correspondents of the Slovene media during a short break between two presidency sessions that were held behind closed doors, and, according to Radio Slovenia, stated that the appointment of any kind of SFRY Presidency coordinator was out of the question. Kucan stated that the failure to elect the representative of the republic whose turn has come to give its representative for the collective state presidency, according to usual procedure, means nothing but denial of the republic from which he comes. Kucan further stated that at today's SFRY Presidency session there were not four votes for and three against, but rather it was voting of the Serbian lobby against other Yugoslav republics. Kucan also said that Yugoslavia did not exist at the moment because Serbia holds that Yugoslavia is its own property and we, as Kucan said, entered Yugoslavia to serve Serbian interests.

And yet more news on that: SFRY Assembly Vice President Irfan Ajanovic has just informed delegates of the Federal Chamber that he was coming from the SFRY Presidency that was still in session, with a message from SFRY Assembly President Slobodan Gligorijevic, that a joint session of both assembly chambers be convened for 1000 tomorrow at which the three contestuous members of the SFRY Presidency be appointed as a possible solution to the crisis in the SFRY Presidency.

Tudjman: Serbia Behind Election Failure

LD1505194391 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1816 GMT 15 May 91

[Text] Zagreb, 15 May (TANJUG)—It was the Republic of Serbia which opposed the election of Stipe Mesic as president of the Yugoslav Presidency. This statement

was made by Croatian President Franjo Tudjman upon his return from Belgrade, where he took part in the first part of the SFRY Presidency proceedings.

"I returned from the session, which was to have been a formal one and at which a representative from Croatia was to have been elected president of the SFRY Presidency. However, completely contrary to our usual custom—that the election should be unanimous and in keeping with the constitutional provisions on the equality of republics, with the code of practice, and the provision that it was Croatia's turn - Mr. Mesic failed to obtain a necessary number of votes," said Tudjman.

It failed because Serbia opposed it, with its three votes against and with Mr. Bulatovic abstaining. Four republics—Slovenia, Bosnia-Herzegovina, Macedonia, and Croatia—wanted the proceedings on changing the leader of the presidency to be conducted in the usual way.

The Croatian president explained that the presidents of these republics, as well as the president of the Federal Executive Council [FEC], tried to point out that this was harmful and that the step taken by the Serbian representative would bring the state and political crisis to breaking point. He added that the federal secretary for foreign affairs also drew attention to the harmful effects of such a solution. All appeals to reason and to maintain the possibility of a political solution failed. Efforts were made to prevent the Croatian representative from becoming the president, said Tudjman.

Tudjman added that the SFRY Presidency session is still underway, and that attempts to find a sensible solution before midnight are still being made. He, however, expressed pessimism regarding the possibility of presidency members changing their stands.

Tudjman rejected a possible temporary solution and mentioned that proposals were presented that Borisav Jovic, Stipe Mesic, or Vasil Tupurkovski be temporarily elected to the post of president of the SFRY Presidency. The representatives of four republics that voted for Stipe Mesic resolutely opposed temporary measures, Tudjman stressed.

He linked the result of today's ballot in the SFRY Presidency with the already convened meeting of republican presidents in Sarajevo on 16 May. If Stipe Mesic is not elected president of the SFRY Presidency by midnight, the Sarajevo summit cannot be held, Tudjman emphasized.

Asked what the Republic of Croatia will do if its representative is not elected president of the SFRY Presidency, Tudjman said that this will be decided once the SFRY Presidency session ends. Talking about the possible consequences of the action by the Serbian representatives at the Presidency session, Tudjman stressed that they are certainly accelerating the process of Yugoslavia's disintegration. Not just Croatia but the other three

republics propagating respect for constitutional regulations will have to make a decision about what to do after today's Presidency session, he stressed.

Journalists asked the Croatian president to state his view about the Army's conduct. Tudjman refused to be drawn on this, but he stressed that General Blagoje Adzic, the Army Chief of the general staff, attended the Presidency session. "During the session, Gen. Adzic did not take part in the discussion, but during breaks he urged that a solution be found and that the constitution be respected."

Asked by a foreign journalist about the possibility of a military coup, Tudjman answered that he does not believe it would be possible. "This would only accelerate the final dissolution of the entire Yugoslav community", he said.

According to Tudjman, FEC President Ante Markovic called the move by the Serbian representatives to bring the Presidency into crisis political suicide. The federal secretary for foreign affairs said that such an act is eroding Yugoslavia's international subjectivity. Tudjman added.

At the end of the news conference, the president of the Republic of Croatia said that he believes that following today's session of the SFRY Presidency, it will be clear who is behind the exacerbation of the state and political crisis and why the crisis is in a deadlock.

Session Fails To Elect President

AU1505114791 Belgrade Radio Belgrade Network
in Serbo-Croatian 1100 GMT 15 May 91

[Proceedings of the SFRY Presidency session in Belgrade on 15 May—recorded]

[Text] The SFRY Presidency did not elect Stipe Mesic as president of the SFRY Presidency for the next one-year term of office.

We will now broadcast the recording of the session which was chaired by SFRY Presidency President Borisav Jovic:

[Jovic] I confirm that the session is attended by all members of the Presidency. Also attending the session as guests are the president of the SFRY Assembly, the president of the Federal Executive Council, the Federal secretaries for internal and foreign affairs, and the chief of the General Staff of the Yugoslav People's Army. The presidents of the republics, that is, the presidents of the republican presidencies, have also been invited to the session and are present.

According to the provisions of the SFRY Constitution and the Rules of Procedure on the work of the SFRY Presidency, the election and proclamation of the president and vice president of the SFRY Presidency for the next one-year term of office should take place at today's session.

On the basis of Article 327 of the SFRY Constitution, the SFRY Presidency elects the president and the vice president from the ranks of its members for a period of one year according to the order established by the Rules of Procedure on the work of the SFRY Presidency. According to the order established by Article 70 of the Rules of Procedure, the member of the SFRY Presidency from the Republic of Croatia is to be elected president of the SFRY Presidency, and the member of the SFRY Presidency from Montenegro is to be elected vice president.

As is known, we cannot elect the vice president of the SFRY Presidency in the order established by the Rules of Procedure because the SFRY Assembly has not yet proclaimed the elected member of the SFRY Presidency from Montenegro. Montenegrin President Momir Bulatovic who is acting member of the SFRY Presidency from Montenegro, cannot be elected vice president of the SFRY Presidency.

It stems from the above that the election of the vice president of the SFRY Presidency must be postponed until conditions for carrying out this act have been created.

Therefore, for this session I propose the following agenda: the election of the president of the SFRY Presidency for the next one-year term of office.

Do you agree with the proposed agenda? You agree.

[Bulatovic, interrupting] I would like to say something briefly.

[Jovic] Comrade Bulatovic would like to say something.

[Bulatovic] The Assembly of the SFRY at a joint session of both chambers on 10 May 1991 did not make it possible for Branko Kostic, the newly-elected member of the SFRY Presidency from Montenegro, to formally become a member of the SFRY Presidency by taking a solemn oath. According to the established order on the basis of constitutional provisions and those in the rules of procedure on the work of the SFRY Presidency, the member of the SFRY Presidency from Montenegro should, as we have heard, be elected today as vice president of the SFRY Presidency, which is quite obviously impossible in the existing situation.

Thus, on the basis of the formal procedural discussion, the sovereign will of the citizens of Montenegro is being denied, a will that is exemplified in the decision by their Assembly. As an equal Federal unit, Montenegro is thus being put in a position that essentially limits its rights.

Since the course and results of the discussion on this issue at the SFRY Assembly had no basis either in the Constitution or in the regulations, there are no realistic guarantees whatsoever that, prompted by a future event from the arsenal of daily political clashes and at future sessions, the SFRY Assembly will not repeat its procedure and continue to prevent Montenegro from being represented on an equal footing in the SFRY Presidency.

I therefore believe that the Presidency must particularly bear this fact in mind and make the necessary contacts with the SFRY Assembly. Of course, this complex of problems and its actual political consequences should be particularly assessed by the Assembly of Montenegro.

I am also stating that with this act the SFRY Presidency is compounding the existing lack of logic and principle. If only the president of the Presidency is elected today and the election of the vice president is postponed indefinitely, a string of provisions in the rule of procedures on the work of the SFRY Presidency is violated. Apart from that, I draw attention to the fact that the procedure for electing only the president of the Presidency actually and essentially degrades the post of the vice president, because if they are not elected at the same time, there is virtually no point in conducting a subsequent vote.

As the term of office of the present president and vice president of the SFRY Presidency expires in several hours, we are again faced with a fait accompli, and my intervention should be interpreted as a sharp protest at the violation of the rights of the republic of Montenegro. That is all, thank you.

[Jovic] I understand that this is not an objection to the agenda, but to the whole situation, which we simply cannot correct in view of facts that are beyond our control.

According to the Rules of Procedure, we should now proceed with the agenda. According to the Rules of Procedure on the work of the SFRY Presidency, the candidate for president of the SFRY Presidency from the republic of Croatia is Stipe Mesic. Also according to the Rules of Procedure of the SFRY Presidency, the voting will be done by a show of hands. I propose that we move on to voting on the proposal that Stipe Mesic be elected president of the SFRY Presidency.

Please, let those who are in favor of Stipe Mesic, member of the SFRY Presidency from the republic of Croatia, being elected as president of the SFRY Presidency raise their hand. Drnovsek, Tupurkovski, Bogic [Bogicevic], Mesic. Who is against? Jokanovic, Jovic, Kostic, Bulatovic?

[Bulatovic] I must say that I do not want to take part in the election of the president of the SFRY Presidency and I will not do so. There is not one single political or any other reason which would justify my direct participation in the process and procedure which either incidentally or deliberately contests the position of the republic which I represent and undermines the sovereign will of its citizens and representative organs. I ask it to be stated that in the opinion of Montenegro, the necessary prerequisites have not been created for the voting, and therefore I am not taking part.

[Jovic] I must state that the Presidency has not decided to elect Stipe Mesic president of the SFRY Presidency. In this situation, since the term of office of the current

president and vice president expires in a few hours, we are without a president and vice president and we must in some way resolve this situation.

Therefore, I propose that we take a short break and then immediately continue a discussion on how we will extricate ourselves from this situation. We must agree on how the Presidency can function under these conditions; we must agree on that.

Croatian Media Silent on Presidency

LD1505154391 Belgrade TANJUG in English
1421 GMT 15 May 91

[Text] Zagreb, May 15 (TANJUG)—Croatian television carried in its news programme early this afternoon Belgrade television's coverage of the Yugoslav Presidency session, while Croatian radio broadcast a recording of the Presidency session in its "Daily News" programme at 03:00 p.m.

Neither television nor radio commented on the session and the coverage was only the announcement of the information of the Presidency failing to elect Stjepan Mesic Yugoslav Presidency president.

Three New Proposals Presented

LD1505200191 Belgrade TANJUG in English
1722 GMT 15 May 91

[Text] Ljubljana, May 15 (TANJUG)—The Yugoslav state Presidency, at its closed session this afternoon as reported by Radio Slovenia, discusses three variants of a proposal to solve the country's constitutional crisis created when Stipe Mesic was not elected president of the state Presidency today.

According to Radio Slovenia, the idea is to appoint a provisional coordinator of the work of the Yugoslav Presidency.

The three variants provide for the function of coordinator to be performed either by Croatian representative Stjepan Mesic, or Macedonian representative Vasil Tupurkovski, or Serbian representative and hitherto President of the State Presidency Borisav Jovic.

The appointment of a coordinator was opposed, as was reported, by Slovenian representative in the state presidency Janez Drnovsek, who insisted that Mesic should be elected Presidency president pursuant to the regular rotation procedure that requires the representative of Croatia now to be elected to this post.

The proposed appointment of a coordinator was turned down today also by Milan Kucan in his talk with journalists. Kucan was at the Presidency session in the capacity as president of the Slovenian Presidency. Kucan told Slovenian reporters during the break between two parts of today's closed session of the state Presidency that he understood that the failure to elect the representative of the republic the turn of which now comes

according to the established rotation procedure "actually means an overall denial of this republic."

In Kucan's words, today's voting in the collective leadership was not that of "four vs three, but the voting of the Serbian lobby vs the other republics."

Said Kucan, "We have not come to Yugoslavia to serve the Serbian interests," and assessed that "Serbia thinks Yugoslavia is its property."

Kucan Terms Recent Events 'Soft Coup'

AU1505220891 Ljubljana Radio Slovenia Network
in Slovene 1700 GMT 15 May 91

[Biserka Povse report]

[Text] Our Belgrade correspondent Biserka Povse has managed during this newscast to get a statement from Milan Kucan, president of the Slovene Presidency. First we have to apologize to you for poor telephone connections in the Belgrade Palace of the Federation.

[Povse] Slovene Presidency President Milan Kucan was so kind as to make a brief statement for Radio Slovenia. He is here in the Palace of the Federation just before his departure for Ljubljana (?where he will hold) a news conference at about 2000 after which one can expect more details about today's session of the State Presidency.

How do you assess the present situation? We have experienced a total (?blockage) of the State Presidency. Regarding Slovenia, is it [words indistinct] overnight?

[Kucan] No, I think that such an outcome as the one today could have been expected when one knows the logic of the present Serbian policy. [Words indistinct] many questions, including the one on whether it is possible to solve the Yugoslav political crisis peacefully. In fact, a different solution is needed from the one urged by Serbia that, as has been shown today, is certainly not acceptable to most republics.

First of all, one should say that Serbia, unlike four other republics, voted against the election of Stipe Mesic, member of the SFRY Presidency from Croatia, with the three votes that it unfortunately possesses. I think that there is no need to speak in particular about whether that is democratic behavior. Serbia has caused the crisis because that was in its own interest, and only it can be blamed.

Moreover, I think this generally means denying not only the equality of the republics, but also their sovereignty. Specifically, this is certainly the case with the Republic of Croatia, whose stand [words indistinct] several times, and this time in the case of the election of Stipe Mesic who was legitimately elected by the Croatian Assembly and who had to wait for more than (?two) months to be verified by the SFRY Assembly. That was because Serbian representatives denied the validity of his election.

Finally, I think it is completely clear that Serbian politicians need Yugoslavia only to [word indistinct] upsetting it by political pressures, that they simply do not care much about it [words indistinct]. Their proclamations should mean that their decision applies to our policy and that they want to defend Yugoslavia from the breakup proposed by Slovenia. Briefly, from the political point of view, what happened today was a soft coup d'etat carried out by the Serbian representatives to the SFRY Presidency.

Serb Nationalist Parties Rally Outside Assembly

LD1505193391 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1528 GMT 15 May 91

[Excerpts] Belgrade, 15 May (TANJUG)—Several thousand supporters and sympathizers of the extreme right wing Serbian opposition parties, the Serbian Radical Party, the Serbian National Renaissance, the Serbian Chetnik Movement, and the Serbian Cultural Club demonstrated today in front of the SFRY Assembly building during the handing-over of the SFRY Presidency. [passage omitted]

On the occasion of the death of Vukasin Soksocanin, Serbian Chetnik leader Vojislav Seselj, who spoke first, was welcomed with applause and signs of three raised fingers. He called on his supporters to take an oath to revenge "every Serb who was killed." He expressed satisfaction at the fact that Stipe Mesic was not elected president of the SFRY Presidency today, calling him "the most extreme example of the Ustasha policy," to which the demonstrators responded with shouts of: "Ustasha, Ustasha" and "We will kill Mesic."

Seselj said that the state leadership is illegal and illegitimate because it was not elected by the will of the people and that it represents "a continuation of Tito's despotism" that is embodied in—he repeated several times—"the sworn enemy of the Serbian people and the imposed ruler of Serbia: Ante Markovic." [passage omitted]

According to the organizers, the demonstrations were officially scheduled to last from 1500 to 1800. Police security was reinforced around the SFRY Assembly building. The meeting lasted one and one-half hours.

Slavonia, Baranja, Western Srem Plan Referendum

AU1505190691 Belgrade Radio Belgrade Network
in Serbo-Croatian 1300 GMT 15 May 91

[Mirko Stankovic report from Vukovar]

[Text] Serbs from Slavonija, Baranja, and western Srem will vote at their own referendum in favor of Serbia and Yugoslavia. The referendum starts today and runs until until 18 May.

[Stankovic] Not only will Serbs from 34 predominately Serb populated villages not vote at the referendum held by the Republic of Croatia on 19 May, they will,

according to a decision made by the representatives of these villages, hold their own referendum from 15-18 May at which they will decide that these regions should join Serbia, Montenegro, and the others who want to preserve Yugoslavia.

Because the existing voters' lists are not available to Serbs, because they are in the possession of the new authorities, it was decided that the vote will be held by using identity cards. The referendum will be held in the local communities' offices from 0700-1900.

One should also add here that this decision had been made by the will of the Serbian people who will not appear at the republican referendum on Sunday, 19 May. The Serbian people of Slavonija, Baranja, and western Srem have already expressed their will and wish to live only in Yugoslavia whatever its borders.

Appeals to boycott the 19 May republican referendum have been sent to their members by the Socialist Party of Croatia—Party of Yugoslav Orientation, as well as the Regional Committee for Slavonija and Baranja and the Republican Committee for Croatia of the League of Communists—Movement for Yugoslavia.

Kosovo Party Hints at Serbian Army Formation

*AU1605072891 Belgrade BORBA in Serbo-Croatian
10 May 91 p 12*

[M.A. report: "Independence or Chaos"]

[Text] Although it is not registered, the Legislative Party of Albanians has been the first party of Albanians to officially react to events in Croatia, at a news conference that was held by its narrowest leadership yesterday.

Veton Suroi assessed that these tragic events represent a step back for Yugoslav society. The citizens of Croatia, he thought, have been deprived of one of the most fundamental freedoms: the freedom from fear, and they are also being deprived of the right to life. What has been

happening for years in Kosovo is to a great extent being practiced on the territory of Croatia, Suroi said. He stressed that his party supports the measures of the Federal Executive Council to resolve the present situation in Croatia in a peaceful way and by respecting the sovereignty of Croatia. In this respect, he pointed out what he called three essential facts. First, that it is possible to construct a new community from the existing one or even to dismantle it in a peaceful way with the existing constitution of Yugoslavia and multiparty assemblies. Second, that the unconstitutional position of Kosovo and the already established violence against the Albanians require urgent and effective measures by federal services, to restore self-administrating powers to Kosovo, otherwise Kosovo will always be made use of by that policy that has already pulled Yugoslavia into chaos through the latest events in Croatia. Third, that they support all peace initiatives from outside Yugoslavia.

Veton Suroi asked at this news conference where the weapons are that were taken from former Kosovo Albanian militiamen, and also said he did not know where the militiamen are now. He said that much of this indicates the formation of a Serbian army because he wondered where the police managed to get hold of not only armored transporters and other heavy armaments but also the tanks that went through Pristina a couple of days ago. He and his associates also added "that a great mobilization of the reserve forces of the Yugoslav People's Army [JNA] is being carried out in Kosovo and that for the first time the reservists are being taken from Kosovo to Serbia. This causes fear as well as suspicion." They also added "that the mobilization was carried out yesterday morning with the help of the police." Apart from everything else, it was also said that it is not known where the weapons of the Territorial Defense of Kosovo are. The question was also raised of how "Thompsons" came to be used in Croatia considering that, as Suroi said, this weapon was also in the arsenals of the Territorial Defense of Kosovo. As he said, if the JNA embarks on disarming paramilitary units, then this must begin with Kosovo, because this is where they were set up first.